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ASIA'S FINANCIAL TURMOIL

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SPECIAL REPORT

In Markets' Debris, A Humbled Asia Shows Uncertainty

By Michael Richardson
International Herald Tribune

SINGAPORE — Suddenly, there is no more triumphal talk from Asian political and business leaders about a global economy dominated by Asia in the 21st century, or of the supposedly superior Asian cultural values that would ensure such dominance.

Instead, the currency and stock-market meltdowns that spread in July from Thailand to other parts of Southeast Asia and then recently to Hong Kong, South Korea and Taiwan have caused a mood of nervousness and uncertainty across the region that was almost unthinkable just six months ago.

Summing up that mood on a recent visit to China, Tony Tan, deputy prime minister of Singapore and a former banker, said that even now it was still too early to tell how the turbulence would affect Southeast Asia's economies.

It could lead to a "short, sharp downturn like in 1985, when economies went down but recovered within six months to one year," he said. Or it might be "the prelude to a longer and more damaging recession that could last two or three years."

An overview of the global outlook. Pages 10 and 11.

Clearly, growth will slow in many parts of eastern Asia as a result of higher interest rates — which were imposed to prevent currencies from going into free fall — loss of investor confidence, sagging consumer demand, stuttering business expansion, falling investment and government austerity measures to cut spending and increase revenue.

"Deflation, not inflation, is the real risk — and it is a much more potent and painful destroyer of earnings, assets and credit," Schroder Securities Asia Ltd. in Hong Kong warned in a report to investors.

If the full consequences of Asia's troubles have yet to be seen, the causes are generally clear — at least to most economists and other analysts. A few government leaders, notably Prime Minister Mahathir bin Mohamad of Malaysia, continue to blame external forces rather than their own policy failings.

Turbocharged growth in the region's developing and newly industrialized "tiger" economies for more than two decades was an irresistible magnet to foreign money.

Overseas and local banks competed to make loans to companies wanting to start activities or expand existing ones.

Huge amounts of investment went into stock markets and business ventures, luxury hotel and apartments, offices and golf courses, manufacturing and agribusiness.

But too much of this money was squandered on unproductive projects, mismanaged or siphoned off into corrupt pockets.

"Nobody has ever thrown so much money at a region for so little return before," said David Roche, managing director of Independent Strategy, a global investment research consultancy based in London. "We now know that having high savings and investment rates is not fine if they are wasted on golf course capitalism and do not generate exports and other productive returns."

Mr. Roche added that he had seen developing countries "drown from bureaucratic incompetence, corruption or tribalism, but never from an excess of capital inflows."

The economies worst affected by the financial turmoil — Thailand, Indonesia, the Philippines, Malaysia and South Korea — have certain common features.

They include yawning current account deficits, which are the broadest measure of the gap between a country's spending

See ASIANS, Page 10



Rob Elder/The Associated Press

French truckers holding a meeting as they prepared to blockade a fuel depot in Bassens, north of Bordeaux.

War and Peace in European Labor

French Trucker Strike Raises Specter of Chaos on Continent

By Barry James
International Herald Tribune

PARIS — Striking French truckers began to blockade roads throughout the country Sunday for the second time in a year, threatening chaos in neighboring countries that rely on the trans-European highways running through France.

Roadblocks were being set up by unions that would affect traffic from Spain, Britain, Belgium, the Netherlands, Luxembourg, Germany and Italy, and trucks arriving by ferry.

The first effects were felt over the weekend as private motorists, concerned that the strike would be long, emptied pumps at many gas stations.

The truck drivers warned that they would prevent trucks from entering or leaving refineries, gasoline depots and distributors, and block highways with trucks and concrete blocks.

They also planned to disrupt industries in some parts of the country, such as sugar refineries at Reims.

Prime Minister Lionel Jospin, facing his first major conflict with organized labor, said his government had done everything in its power to avert the strike, and he appealed to unions and employers to call it off. He said the government would reduce the tax on trucks by 800 francs ($140) a year to enable employers to reach an agreement with the unions.

Unions did manage to reach an agreement with an employers' association representing small and medium-sized companies.

But the deal was rejected by the drivers, some of whom burned copies of the proposed text, and by the Communist-led General Labor Confederation, which pulled out of the talks. The Federal Transport Union, which represents 80 percent of the employers, also walked out of the talks, saying it was not prepared to improve on its offer to increase salaries by up to 21.5 percent in gradual stages to an annual

See FRANCE, Page 8

Prodi Hails Accord to Cut Italy Public-Sector Pensions

By Alan Friedman
International Herald Tribune

ROME — Government and trade unions have sealed a long-awaited accord to reform Italy's bloated pension system in a deal that Prime Minister Romano Prodi hailed Sunday as "a historic agreement that will guarantee that we qualify for European monetary union."

Business leaders and the center-right opposition, however, criticized the accord as being inadequate, and they blamed the government for making too many concessions to the hard-left Refounded Communists, who provide crucial support to the government's parliamentary majority.

The pension deal, which will bring the treatment of public sector workers in line with the private sector for the first time, is the central element of an overhaul of Italy's generous welfare state that envisions cuts of 4.1 trillion lire ($2.51 billion), or about a third less than Mr. Prodi had originally hoped to secure.

Mr. Prodi, in a telephone interview Sunday, said that the agreement, which is scheduled to be presented in Parliament next week as an amendment to the 1998 budget, was "the first of its type in Europe and puts Italy ahead of France and Germany in moving concretely toward welfare reform."

Welfare reform efforts are among the goals of the governments of Chancellor Helmut Kohl in Germany and Prime Minister Lionel Jospin in France.

In the context of Italy's drive to meet the single currency criteria of the Maastricht treaty on European integration, Mr. Prodi said the pension accord "is the final step needed to be sure we meet the target of a budget deficit that is 3 percent of gross domestic product target not only this year but in future years."

Mr. Prodi stressed that Italy, unlike other countries, had

See ITALY, Page 15

U.S. Grows Angry At Iraqi Defiance

Military Response Not Ruled Out Over Refusal to Accept UN Team

By Brian Knowlton
International Herald Tribune

WASHINGTON — The White House accused Iraq on Sunday of "blatant disregard" for the United Nations by again blocking American members of a UN inspection team from entering the country, and top congressional leaders said they would back the use of force against Iraq if necessary.

But there was no immediate sign that a U.S. attack was being prepared.

Russia and France, both Security Council members, warned Saturday against any unilateral action to punish Iraq, though they strongly urged Baghdad to drop its ban on Americans on the UN arms inspection teams. In Cairo, the Arab League on Sunday rejected any military action.

President Saddam Hussein of Iraq, meanwhile, led a cabinet meeting at which "required measures" to face possible U.S. military action were discussed, the official Iraqi news agency, INA, reported Sunday.

"Iraq continues to show blatant disregard for the UN Security Council and its resolutions," Barry Toiv, deputy White House press secretary, said from Florida, where he was accompanying President Bill Clinton on a fund-raising trip. The Security Council will discuss the matter Monday, he said.

Bill Richardson, the chief U.S. delegate to the United Nations, said that Washington hoped for a diplomatic resolution but would not negotiate with Iraq.

"We are not seeking a military confrontation," he said on ABC-TV, " but we're not ruling it out." His words echoed U.S. warnings made in past confrontations when Mr. Saddam defied UN sanctions and was punished by limited U.S. air or missile strikes on military targets. "He has made a serious miscalculation," Mr. Richardson said. He called the expulsion of the inspectors "unacceptable."

"He is in noncompliance, and he must comply," Mr. Richardson said. At the same time, he indicated that the United States was not yet prepared to act without Security Council support. "At this stage of Iraqi noncompliance," Mr. Richardson said, "it's up to the UN Security Council to react."

Three American inspectors, who had arrived on a UN flight from Bahrain, were politely turned back Sunday at Habbaniya Airport, a military air field about 80 kilometers (50 miles) northwest of Baghdad, according to diplomats. At least four other inspectors were admitted, but the diplomats and a UN official did not know their nationalities. The Americans were the same inspectors who had failed to make it to Baghdad last Thursday, the diplomats said.

The team had been set to resume work Monday looking for

See IRAQ, Page 8

Election Funding: A Broken System

Panel Exposed Fault in Both Parties

By Guy Gugliotta
Washington Post Service

WASHINGTON — Senator Fred Thompson's investigation of campaign wrongdoing came in with grand expectations but ended with a whimper, wrapping up without proving Chinese espionage, influence peddling or extortion, and leaving the administration largely intact.

But the White House can take cold comfort in withstanding the investigation, because although it is widely seen to have fallen short of many of its stated goals, the Tennessee Republican's Governmental Affairs Committee revealed the Clinton presidency as a modern model of campaign excesses.

An almost endless parade of tapes, documents and witnesses showed the administration hustling indecorously for dollars: in White House coffees and sleepovers for big fund-raisers; at hotel galas with questionable characters whose source of income was suspect; taking business cards from strangers making big-bucks promises.

The hearings left indelible images: Yah Lin (Charlie) Trie bringing a paper bag full of checks to the office of Mr. Clinton's legal defense fund, Buddhist nuns destroying documents to mask improper campaign contributions after an appearance by Vice President Al Gore.

Not that the Democrats were the only ones who roasted under the committee's spotlight. Despite bitter partisan wrangling that often brought hearings to a dead stop for hours, Mr. Thompson kept to his original commitment and let Republicans take some lumps — principally the former national party chairman, Haley Barbour, for his ardent courting of a Hong Kong business leader. This helped Democrats advance their core contention: When it comes to campaign improprieties, everybody does it.

When Republicans crowed about racks of White House videotapes showing Mr. Clinton exulting over the way unregulated "soft money" was used to promote his candidacy, Democrats produced a tape of his Republican rival, Bob Dole, doing the same thing.

Fred Wertheimer, president of the group Democracy 21 and one of the leading advocates of U.S. campaign finance reform, said he was pleased that the panel had "made an irrefutable

See INQUIRY, Page 8

AGENDA

U.K. to Push Monetary Union

LONDON (Reuters) — Foreign Secretary Robin Cook on Monday will declare Britain's intention to use its approaching European Union presidency to give the "best start" possible to a single European currency, the Foreign Office said Sunday.

In a speech in Dublin setting out Britain's priorities for the EU presidency from January through June, Mr. Cook will also make a strong appeal for speedy enlargement of the European Union, a Foreign Office official said.

The Foreign Office released brief excerpts on Sunday from an advance draft of Mr. Cook's remarks.

In them, he restates Britain's determination to be an effective and impartial moderator when crucial decisions are made next year in preparation for the 1999 start of economic and monetary union.

PAGE TWO
Ulster: Tranforming Killers Into Protagonists of Peace
Books ..... Page 7.
Crossword ..... Page 7.
Opinion ..... Page 6.
Sports ..... Pages 18-20.
The Intermarket ..... *Pages 4, 9.*
The IHT on-line www.iht.com

Contradictions of Britain as 'Beacon'

By John Vinocur
International Herald Tribune

LONDON — It's a tough business being "a beacon to the world," finding a combination of ambition, performance and style so that your light, not neon, not a votive candle, shines just right for all to see.

Barely a month after proclaiming Britain's beaming course, its goal to become "the model 21st century nation" and "to lead in Europe again," Prime Minister Tony Blair is running into trouble demonstrating how this grand commitment will come about.

Aloft in a spotlit sky of international esteem and great popularity at home, Mr. Blair talked four weeks ago at the Labour Party conference about making Britain a "pivotal" nation. In his keynote speech, the prime minister pointed the country toward the role of "beacon to the world" three times. "We may never again be the mightiest," Mr. Blair said, "but we can be the best."

In the context of the morosity of Continental Europe, with its stagnant unemployment figures and widening extremes of poverty and wealth, this was bracing, theatrical, unusual stuff. In tone and concept it was miles from the technocratic mumble of European monetary union convergence criteria, and almost messianic in comparison with the anxious caution of Chancellor Helmut Kohl pledging to cut German joblessness in half by the year 2000 and President Jacques Chirac promising an end to the "social fracture" in France.

But the message may have been out of phase with reality. Less than a month later, Mr. Blair's government, after signaling that it wanted to join the first wave of countries establishing Europe's common currency in 1999, said last week that it would wait until after Britain's next elections four or five years from now because its economy was not in synch with those of France and Germany. Reflecting the deep reluctance here to hand over a big part of British sovereignty to Europe, the decision, in fact, was a deflating signal of nonengagement, the reverse of a candidacy for leadership on a new scale.

The government's choice pointed to a contradiction that has not attracted much attention amid the relative euphoria of Mr. Blair's first months in office. It is the idea that Britain, through Labour's acceptance of the profound

See BRITAIN, Page 5

Newsstand Prices

Andorra	10.00 FF	Lebanon	LL 3,000
Antilles	12.50 FF	Morocco	16 Dh
Cameroon	1,600 CFA	Qatar	10.00 QR
Egypt	£E 5.50	Réunion	12.50 FF
France	10.00 FF	Saudi Arabia	10 SR
Gabon	1,100 CFA	Senegal	1,100 CFA
Italy	2,800 Lire	Spain	225 Ptas
Ivory Coast	1,250 CFA	Tunisia	1,250 Din
Jordan	1,250 JD	U.A.E.	10.00 Dh
Kuwait	700 Fils	U.S. Mil. (Eur.)	$1.20

Jiang Links 'Mistakes' and Tiananmen

By John Pomfret and Lena H. Sun
Washington Post Service

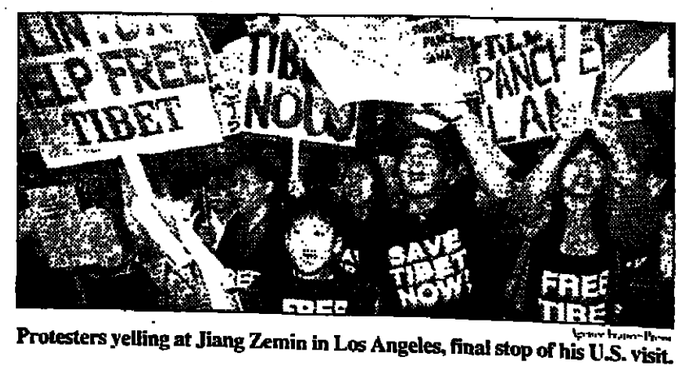
CAMBRIDGE, Massachusetts — President Jiang Zemin of China has for the first time in public used the words "mistakes" and "shortcomings" in response to a question about the 1989 military crackdown on student-led protests around Tiananmen Square in Beijing.

Mr. Jiang, 71, did not repudiate the suppression of the demonstrations against corruption and one-party rule, and he used the terms in an oblique reference to Tiananmen. But his remarks after a speech Saturday at Harvard University marked the second time during a weeklong tour of the United States that Mr. Jiang had surprised China watchers by departing from a formulaic justification of Beijing's limits on human rights and political dissent.

"It goes without saying that naturally we may have shortcomings and even make some mistakes in our work. However, we've been working on a constant basis to improve our work," Mr. Jiang said in answering a question about why the Communist Party chose confrontation over dialogue in dealing with the students in 1989.

The suppression of the student sit-in at Tiananmen Square left hundreds dead and hundreds more imprisoned or exiled. The crackdown badly damaged U.S.-Chinese relations and, more than

See JIANG, Page 4



Protesters yelling at Jiang Zemin in Los Angeles, final stop of his U.S. visit.

A 'Factor for Good' / **Ex-Inmates Guide the Young**

Converting Ulster's Terrorists to Peace

By Warren Hoge
New York Times Service

BELFAST — In a land that is no stranger to horrific violence, the crimes of Robert (Basher) Bates were so savage that the judge sentencing him to 14 life sentences in 1979 said that they would "remain forever a lasting monument to blind sectarian bigotry" and that he should remain forever in jail.

He and his gang of Protestant killers picked their Roman Catholic victims off streets at random and bundled them back to their Shankill Road community where they methodically tortured them to death using knives, cleavers, axes and hatchets. They were known as the "Shankill Butchers."

A year ago, Mr. Bates gained early release from prison and went to work in a community program aimed at deterring young people from following his path and to directing their energies toward a nonviolent end of the "Troubles" that have claimed more than 3,220 lives since 1969.

As striking as his transformation was, it is only one of more than 500 in Northern Ireland under a special program in which "lifers," men sentenced to "indeterminate" periods for killings and bombings, have come out of jail prematurely.

They emerge convincingly converted to the notion of peaceful struggle, educated in the practices of community development and disdainful of traditional leaders who remain wary of joining the current peace talks. Officials can point to only two cases of a return to political violence.

"In terms of energy, drive and commitment, it is the ex-prisoners who are driving the peace process forward the most vigorously," said Michael Ritchie, information and research manager for the Northern Ireland Association for the Care and Resettlement of Offenders.

"They are turning out to be an enormous factor for good."

In effect, the pursuit of a nonviolent resolution to the sectarian strife is getting its greatest support from some of the conflict's most notoriously violent combatants.

The former prisoners, Catholics and Protestants who were once literally blood enemies, find that the common experience of having been in jail has enabled them to establish tentative channels of communication in the historically alienated atmosphere of Northern Ireland.

"I recognize their commitment to their cause and why they were led down the road to taking up the gun and the bomb the same way I did," said Martin Snodden, a convicted murderer for the Protestant cause, speaking of former prisoners from the Catholic side. "It leads us to try to find an accommodation."

Mr. Snodden, 42, was released from prison after serving 15 years and is now the project manager of the Ex-Prisoners Interpretative Center, which cares for Protestant former prisoners.

The sectarian violence that has roiled Northern Ireland over the past 28 years has produced more than 20,000 people who have served time for actions taken in the name of politics.

They usually are men who committed their crimes when they were teenagers and now are adults with children of their own and a personal concern for the next generation.

Inmates jailed for political crimes return to their communities as figures of respect, the kind of people that youths fired by the desire to defend and promote their communities seek out.

"I'm an ex-prisoner, and when a young person comes up to me and says I want to join the struggle, I say, O.K., you want to join the struggle, do a degree in law or do a degree in medicine," said Micheal Ferguson, 44, an official of Sinn Fein, the political arm of the Irish Republican Army, who is a counselor with Tar Anall, a group that assists Catholic inmates.



Carlos Lopez Barillas/The New York Times

Martin Snodden, a Protestant convicted murderer, talking to youths on Belfast's Shankill Road. Some former prisoners, from both sides of Northern Ireland's sectarian struggle, are now leading nonviolent efforts to overcome the strife.

MR. SNODDEN, who, like many other of the former terrorists, got a university education while imprisoned, said many men now saw things as a class issue with themselves as lower caste "cannon fodder" exploited by the white-collar leaders who have dominated Protestant politics.

"It was people from the working class who followed the leadership of the so-called responsible people," he said, "but what has happened is that the ex-prisoners have just said, 'No. We're the people who suffered the consequences, we're the ones who carried the coffins down our streets, who visited friends in prison and who have had to come to terms with having taken others' lives.' "

The former prisoners stressed that while today they counsel people away from terrorism, they felt what they did years ago was the right response to the conditions of the time. The advice they give the next generation skirts any condemnation of past activities. "They have to make their own decisions, but we'll tell them it most certainly is not an adventure, that it's a rocky road," said Eric McKee, 40, a Protestant jobs counselor who did 11 years on bombing charges.

"They've got a better chance than we did, because they've got us," he said.

And the former inmates say their turning away from violence does not represent any backing off of their political convictions. Mr. Ferguson speaks angrily and repeatedly of living in an "occupied land," and Mr. Snodden said, "We haven't changed our position of loyalty to the United Kingdom at all."

The ex-prisoner movement and its dedication to nonviolence was put to a test three months ago when the emblematic life of Basher Bates, gruesome killer turned peacemaker, came to a violent end. As he arrived on the morning of July 11 to open the Shankill Road offices of Mr. Snodden's organization where he had been working with youths since his October release from jail, a gunman came up behind him and shot him in the back of the head.

It was to emerge that his killer was not from the republican movement, as had been initially feared, but was instead the son of a Protestant man killed by Mr. Bates 20 years ago.

But in the immediate aftermath, the suspicion fell on the Catholic community, and the young men Mr. Bates had been counseling were bent on revenge of the kind that has long characterized the sectarian war.

Mr. Snodden, the onetime murderer turned community counselor, took action.

He went to a gathering of grieving and angry youths and told them they must not react with violence.

He spoke on his own authority and then invoked the word of one other person.

"Retaliation," he said, "is the last thing Bobby Bates would have wanted."

On U.S.-Mexico Border, A Siege by Drug Mafias

By John Ward Anderson and William Branigin
Washington Post Service

McALLEN, Texas — Joel Martinez, a U.S. Border Patrol agent, and his dog Brutus were on routine patrol six months ago in Combes, Texas, checking freight trains for illegal aliens when the dog started whimpering, barking and chewing the corner of a boxcar.

Mr. Martinez looked inside. It was empty. But using crowbars and a blowtorch, agents discovered the source of Brutus's unflagging agitation: more than two tons of marijuana stashed behind false walls.

The incident was but one recent example of how the U.S.-Mexican border is under siege by Mexican drug trafficking organizations. The traffickers have virtually unlimited funds to build the most elaborate secret compartments, to buy the best countersurveillance technology and transport vehicles available, and to corrupt law enforcement officials on both sides of the frontier.

The southwest border is being attacked from all angles, with traffickers tunneling under it, flying over it, walking and driving across it and boating around it. Based on the rule of thumb, often cited by law enforcement officials, that only 10 percent to 15 percent of the drug flow is discovered and seized, traffickers are delivering from five to seven tons of cocaine, marijuana, methamphetamine and heroin from Mexico to the United States every day of the year.

That traffic is contributing to drug abuse and crime in the United States; corrupting the Mexican economy, judicial system and government; and poisoning relations between the United States and Mexico. But more immediately, it is wreaking havoc all along the 2,000-mile (3,200-kilometer) border, distorting and destroying the lives of ranchers, police officers, federal and local officials, and people living in scores of southwestern towns and cities.

"Texas is now where Florida was 15 years ago, and we need all the help we can get," said Captain Enrique Espinoza, head of the Texas Department of Public Safety's narcotics unit in McAllen. "We're getting overrun by it."

The Mexican drug rings, which have replaced Colombian-based mafias as the primary traffickers of cocaine, marijuana and other drugs in many parts of the United States, have become so big, so powerful and such a dominant factor in the drug trade that U.S. law enforcement officials now speak of them in almost apocalyptic terms.

"I am not exaggerating when I say that the Mexican drug syndicates are the premier law enforcement threat facing the United States today," the head of the U.S. Drug Enforcement Administration, Thomas Constantine, told Congress earlier this year.

What makes the Mexican drug organizations more menacing than those of Colombia or Burma or Nigeria is the proximity — and the porousness — of the border, a thinly guarded strip surrounded by a rapidly growing region populated by tens of millions of Mexicans and Americans.

These are the main points that officials make:

- U.S. and Mexican authorities are overwhelmed by the quantities of drugs being smuggled into the United States; and acknowledge that geography, technology, economic trends and the odds overwhelmingly favor the traffickers.
- Mexican traffickers pay off corrupt police officers and officials both in Mexico and the United States to allow drugs to cross the border. While corruption in the United States is believed to be episodic rather than systemic, officials are worried that it appears to be increasing.
- Drug-related crime and violence have made their way across the border as well, with Mexican traffickers enlisting street gang members in U.S. cities as foot soldiers. Cities like San Diego and Phoenix are seeing a vicious new style of murder, while smaller communities along the border have experienced a rash of drug-related kidnappings.
- Although the United States and Mexico have pledged at the highest levels of government to work together in the fight against drug trafficking, cross-border relations among authorities are more often characterized by suspicion and resentment than by cooperation.
- The Mexican drug gangs, as their influence reaches deeper into the U.S. heartland, seek to escape notice by immersing themselves in the fast-growing Mexican-American communities of large cities. Some analysts worry that Mexican immigrants and Mexican Americans might be stigmatized by the drug gangs.

Much of the border region is hot, dusty and poor. There are long stretches of arid ranch land, rugged hill country and desert, with some of the 38 official border crossings separated by hundreds of miles. But this desolate expanse is punctuated by bustling cities, sun-baked barrios and vibrant boomtowns that face each other across the border in pairs — San Diego and Tijuana; Calexico, California, and Mexicali; Douglas, Arizona, and Agua Prieta; El Paso and Ciudad Juarez; McAllen, Texas, and Reynosa; Brownsville, Texas, and Matamoros.

Free trade between the United States and Mexico has drawn migrants from other parts of Mexico north to the border, where small factories and assembly plants have sprouted. People, money and goods move back and forth across the frontier in such profusion that the two sides are more tightly linked, economically and socially, than ever before. This melding makes halting the flow of drugs across the border all but impossible.

In recent years, drug mafias have bought big planes and built a fleet of two-man submarines to move drugs to the United States. They have secreted loads in propane tanks and containers of hazardous materials. One trafficking group fashioned a mold that was used successfully to ship cocaine from Mexico through the United States and into Canada sealed inside the walls of porcelain toilets.

The groups are using satellite-linked navigation and positioning aids to coordinate airplane drops to boats waiting in the Caribbean and to trucks in the Arizona and Texas deserts. They are outfitted with automatic weapons, night-vision goggles and the latest high-tech communications devices.

In one case, after a wiretap went dead, U.S. agents discovered that the traffickers were calling each other on a videophone and holding up written messages.

TRAVEL UPDATE

Azores Mudslide Toll Rises to 26

LISBON (Reuters) — Rescue workers found eight more bodies buried under a mudslide in the mid-Atlantic Azores on Sunday.

Civil protection officials said 26 bodies had been retrieved so far from the mountain of mud that swept early Friday into the village of Ribeira Quente on Sao Miguel, biggest of the nine islands in the Portuguese archipelago.

Amtrak and its workers have reached a settlement that averts a possible national passenger railroad strike, a spokesman for Transportation Secretary Rodney Slater said. *(AP)*

Smoke Forces Closure Of 7 Indonesia Airports

JAKARTA (Reuters) — Seven Indonesian airports were closed Sunday because of thick smoke from forest and bush fires that still blankets the country's Sumatra and Kalimantan regions, government officials said.

They said four airports on Sumatra island and three in Kalimantan, on the Indonesian side of Borneo island, were closed because of the poor visibility. An official said the fires were still burning.

This Week's Holidays

Banking and government offices will be closed or services curtailed in the following countries and their dependencies this week because of national and religious holidays:

MONDAY: Belgium, Bolivia, Colombia, Ecuador, Japan and Panama.
TUESDAY: Andorra, Panama and Vatican City.
WEDNESDAY: El Salvador.
THURSDAY: Israel, Liberia, Morocco and Tajikistan.
FRIDAY: Bangladesh, Russia, Tunisia and Ukraine.
SATURDAY: Nepal and Ukraine.

Sources: J.P. Morgan, Reuters, Bloomberg

WEATHER

Forecast for Tuesday through Thursday, as provided by AccuWeather.



Jetstream — Unseasonably Cold — Unseasonably Mild — Heavy Rain — Heavy Snow

North America
A few showers in the Northeast Tuesday, then dry and cool through Thursday. Sunny and hot in the Southwest, especially Southern California. Warming up in the Northwest with plenty of sunshine. Showers in the northern Plains, then dry and turning colder Thursday.

Europe
Cloudy, rainy and windy in England and France Tuesday and Wednesday, then windy and turning colder Thursday. Northern Spain, Portugal and western France will have soaking rains, as will northern Italy. Cool in eastern Europe Tuesday, then sunny and much warmer by Thursday.

Asia
Sunny and mild in Beijing Tuesday, but colder by Thursday. Comfortable in Tokyo, but there may be a few showers. Dry and cool with some sunshine in Seoul. Heavy downpours are likely across southern Thailand and southern Myanmar. Steady rain and drizzle will continue in south-central China.

Legends: s-sunny, pc-partly cloudy, c-cloudy, sh-showers, t-thunderstorms, r-rain, sf-snow flurries, sn-snow, Hce, W-Weather.

All maps, forecasts and data provided by AccuWeather, Inc. © 1997

Europe

	Today High	Today Low/W	Tomorrow High	Tomorrow Low/W
	C/F	C/F	C/F	C/F
Algarve	22/71	17/62 sh	21/70	13/55 sh
Amsterdam	9/48	4/39 pc	12/53	11/52 r
Andorra	15/59	1/34 c	13/55	-7/20 pc
Athens	19/61	11/52 pc	19/61	6/46 pc
Barcelona	16/61	15/61 r	19/66	15/59 sh
Belgrade	13/55	1/34 pc	9/48	1/34 s
Berlin	4/39	-2/29 pc	8/46	7/44 pc
Brussels	11/52	8/43 s	13/55	12/53 r
Budapest	9/48	-3/27 pc	5/41	1/34 s
Copenhagen	1/34	-2/28 s	6/43	5/41 pc
Costa Del Sol	21/70	16/61 r	21/70	14/57 sh
Dublin	13/55	9/48 pc	13/55	10/50 r
Edinburgh	9/48	5/41 sh	9/48	6/46 r
Florence	16/61	9/48 pc	14/57	11/52 pc
Frankfurt	4/39	-4/25 pc	7/44	5/41 pc
Geneva	15/59	7/44 s	13/55	8/46 sh
Helsinki	-4/25	-7/20 pc	-2/28	-4/25 c
Istanbul	14/57	7/44 s	8/46	2/36 pc
Kiev	3/37	-7/20 sn	-3/27	-7/20 pc
Las Palmas	28/79	21/70 pc	24/75	23/71 c
Lisbon	21/70	16/61 sh	19/66	10/50 c
London	14/57	9/48 s	16/61	11/52 r
Madrid	18/64	13/55 r	19/66	9/48 sh
Mallorca	19/66	16/61 r	23/73	14/57 pc
Milan	16/61	7/44 pc	9/48	7/44 r
Moscow	-2/28	-9/15 c	-5/24	-11/13 pc
Munich	8/46	0/32 pc	13/55	4/39 pc
Nice	18/64	13/55 pc	18/61	14/57 r
Oslo	-1/31	-6/22 pc	1/34	0/32 sn
Paris	12/53	9/48 s	13/55	9/48 r
Prague	4/39	-5/24 pc	7/44	4/39 s
Reykjavik	4/39	-2/29 r	-1/31	-2/28 pc
Riga	-2/29	-6/22 c	0/32	-2/29 c
Rome	19/66	11/52 pc	18/64	13/55 c
St. Petersburg	-3/27	-9/15 sn	-3/27	-7/20 pc
Stockholm	-2/29	-5/24 pc	0/32	-1/31 c
Strasbourg	12/53	4/39 s	16/61	10/50 c
Tallinn	-3/27	-5/22 c	-1/31	-2/29 c
Tbilisi	17/62	8/46 c	16/61	12/53 r
Venice	15/59	6/43 pc	10/50	6/43 c
Vienna	8/46	-3/27 pc	6/43	2/35 s
Warsaw	2/36	-6/22 pc	2/36	0/32 pc
Zurich	13/55	8/41 c	14/57	8/46 c

Middle East

Abu Dhabi	29/84	21/70 pc	31/88	21/70 pc
Beirut	24/75	16/61 sh	20/68	16/61 r
Cairo	24/75	14/57 pc	23/73	13/55 c
Damascus	23/73	9/48 c	18/64	11/52 r
Jerusalem	21/70	9/48 pc	18/64	10/50 pc
Luxor	33/91	16/50 s	33/91	11/52 s
Riyadh	27/80	17/62 sh	28/82	17/62 pc

Africa

Algiers	26/79	17/62 c	25/77	16/61 c
Cape Town	22/71	14/57 s	31/88	16/61 pc
Casablanca	23/73	14/57 c	21/70	14/57 sh
Harare	27/80	9/48 pc	28/79	9/48 c
Lagos	31/88	23/73 pc	30/86	23/73 sh
Nairobi	24/75	16/56 sh	27/80	15/59 sh
Tunis	23/73	15/59 c	23/73	17/62 r

Asia

	Today High	Today Low/W	Tomorrow High	Tomorrow Low/W
	C/F	C/F	C/F	C/F
Almaty	11/52	0/32 pc	14/57	6/43 s
Bali	33/91	21/70 s	31/88	21/70 pc
Bangkok	30/86	22/71 c	28/82	23/73 sh
Beijing	17/62	-1/31 s	13/55	3/37 s
Bombay	31/88	21/70 pc	32/89	20/68 pc
Calcutta	28/82	17/62 s	28/82	19/66 s
Chiang Mai	29/82	17/62 pc	27/80	14/57 c
Colombo	29/84	22/71 c	28/82	23/73 r
Hanoi	24/75	18/64 c	23/73	16/61 pc
Ho Chi Minh	31/88	24/75 t	30/86	23/73 r
Hong Kong	26/79	18/66 pc	23/73	19/61 s
Islamabad	29/84	8/46 s	31/88	9/48 s
Jakarta	31/88	23/73 pc	31/88	23/73 pc
Karachi	34/93	17/62 s	34/93	17/62 s
K. Lumpur	30/86	23/73 r	31/88	23/73 r
K. Kinabalu	30/86	23/73 sh	29/84	23/73 c
Manila	31/88	23/71 pc	30/86	22/71 sh
New Delhi	29/82	11/52 s	31/88	11/52 s
Phnom Penh	29/84	24/75 t	30/86	24/75 r
Phuket	30/86	22/71 c	28/82	23/73 sh
Rangoon	30/86	21/70 pc	29/84	20/68 pc
Seoul	14/57	7/44 pc	12/53	6/43 sh
Shanghai	19/66	11/52 pc	18/64	7/44 pc
Singapore	29/84	22/71 r	30/86	23/73 r
Taipei	25/77	19/66 sh	24/75	17/62 r
Tokyo	19/66	14/57 sh	18/64	13/55 pc
Vientiane	28/82	17/62 c	27/80	15/59 pc

North America

Anchorage	3/37	-2/29 sn	1/34	-3/27 pc
Atlanta	13/55	1/34 pc	14/57	4/39 pc
Boston	10/61	8/46 s	12/53	4/39 pc
Chicago	4/39	-3/27 sn	6/43	-2/29 c
Dallas	18/66	4/39 s	20/68	7/44 s
Denver	10/61	-1/31 s	13/55	-1/31 pc
Detroit	7/44	1/34 sn	6/43	-1/31 c
Honolulu	27/80	21/70 s	30/86	22/71 pc
Houston	21/70	4/39 s	21/70	8/46 s
Los Angeles	33/93	11/52 s	30/86	13/55 s
Miami	27/80	19/66 pc	28/70	21/69 pc
Minneapolis	2/35	-8/22 c	4/39	-4/25 c
Montreal	9/48	3/37 c	6/43	-3/27 pc
Nassau	29/84	23/73 c	29/84	22/71 c
New York	17/62	9/48 pc	12/53	5/41 pc
Orlando	24/75	11/52 s	22/71	13/55 pc
Phoenix	31/88	13/55 s	30/86	14/57 s
San Fran	23/73	13/53 s	22/71	12/53 s
Seattle	15/59	9/48 sh	15/59	11/52 c
Toronto	8/46	1/34 sn	4/39	-2/29 pc
Vancouver	12/53	11/52 r	13/55	12/53 pc
Washington	17/62	6/43 pc	12/53	4/39 pc

Latin America

Buenos Aires	22/71	11/52 pc	18/64	12/53 c
Caracas	29/84	19/66 pc	29/82	20/68 pc
Lima	22/71	19/66 r	21/70	19/64 r
Mexico City	18/64	11/52 sh	18/61	6/46 c
Rio de Janeiro	28/84	24/75 pc	28/82	23/71 pc
Santiago	19/66	10/50 r	18/64	6/41 c

Oceania

Auckland	20/68	13/55 pc	19/66	12/53 c
Sydney	21/70	14/57 c	22/71	13/55 pc

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صكاك الاجل

Panel Doubted Nanny's Intent to Kill, Juror Says

Compiled by Our Staff From Dispatches

LONDON — No one on the jury that convicted the British nanny Louise Woodward of murder thought she meant to kill Matthew Eappen, the American baby under her care, a member of the jury has told a British newspaper.

Jodie Garber said in an interview with The Mail on Sunday that the 12 members of the panel felt obliged to deliver a guilty verdict because of the judge's instructions to them.

"Nobody thought Louise intended to kill the baby," Ms. Garber said. "The judge's instructions were that we had to decide whether a reasonable person would have known the actions she took would have resulted in the baby's death."

Ms. Woodward's attorneys eliminated any chance of a manslaughter verdict when they took a gamble that failed — asking the judge to limit the jury's choices to first- and second-degree murder verdicts, or not guilty.

An alternate juror, Robert Mangold, has said he and the other three alternates were "heartsick" at the finding of second-degree murder.

Ms. Garber said the jury decided from the medical evidence that Ms. Woodward did cause the 8-month-old baby's fatal brain injury and that it was not an accident.

But the jury believed it was an act the 19-year-old committed in the heat of the moment.

"We'd rather have had a chance to consider a manslaughter option," Ms. Garber said. "Nobody liked the finding we felt compelled to reach. Nobody was happy having to do this. She's a kid going to jail, and the baby's dead, so what's going to come out of this that's good?"

Ms. Woodward's conviction Thursday in Middlesex Superior Court sparked outrage in Britain and widespread criticism of the American legal system.

On Tuesday, Judge Hiller Zobel will hold a hearing to consider four options: declaring Ms. Woodward not guilty, ordering a new trial, reducing the charges or allowing the life sentence to stand.

The case of the English au pair has divided Britons and Americans almost as starkly as the O. J. Simpson trial divided whites and blacks. After the verdict, it was hard to find anyone in Britain who thought that Ms. Woodward was guilty.

Somehow, her job, to help Deborah and Sunil Eappen look after their two young children in Newton, Massachusetts, went terribly wrong. But exactly how will never be clear. The prosecution said Ms. Woodward shook and probably slammed the baby against a hard surface. But an expert for the defense team said Matthew's injury was at least several weeks old, and Ms. Woodward said she shook the baby only to rouse him when he became alarmingly listless.

In the United States, the case aggravated the guilt that seems to permeate the lives of working parents. In Britain, it provoked anger at the parents as employers.

"It would appear from her testimony that she was enslaved by her family," a lawyer sympathetic to Ms. Woodward told the British paper The Independent.

The American criminal justice system seems to have been put on trial, too. There are severe limits in Britain on what can be reported about a trial. Britons, then, were aghast at the prosecutor's pretrial statements to reporters and at the Eappens' appearance on a television program, while the jury was still deliberating.

Other articles commented that Boston was anti-British because of its high Irish-American population and that Ms. Woodward's British reserve made her seem uncaring to Americans.

A fund set up to help Ms. Woodward headed for £100,000 ($170,000) with donations flowing in from as far away as Australia.

The "Louise Woodward Campaign for Justice" called for candlelit vigils at U.S. Embassies around the world and urged supporters to wear yellow ribbons.

Flooding telephone lines at the American Embassy and call-in shows with angry calls, Britons denounced the justice system that had an English teenager facing life in prison across the Atlantic.

More calls poured into the sole pub in Ms. Woodward's hometown of Elton, with sympathizers from across the United States and Britain expressing outrage at the au pair's murder conviction.

"We won't give up, I'll tell you that. We will make these people think twice," said Ron Deegan, who hung sheets outside his home bearing the slogan "Justice — No Way." *(Reuters, AP, NYT)*



Ian Hodgson/Reuters

An American demonstrating outside the court in Massachusetts.

Away From Politics

• **Martin Luther King 3d,** the eldest son and namesake of the first leader of the Southern Christian Leadership Conference, was elected the fourth president of the civil rights group over the weekend. *(NYT)*

• **Two and a half years after Terry Nichols** walked into a police station to talk about the Oklahoma City bombing, the world is going to hear what he said, as his trial opens Monday in federal court in Denver. *(Reuters)*

• **An auction of Marlene Dietrich's** personal items, mostly from the actress's New York apartment, fetched $659,023, twice the amount expected, Sotheby's Los Angeles said. *(AP)*

• **A tractor-trailer that witnesses** said appeared to have run a red light collided with a Maryland school bus on a foggy Eastern Shore highway, killing the driver of the bus and sending 28 children to area hospitals. None of the children were killed. *(WP)*

• **A former nurse who had held the police** in Roby, Illinois, at bay for 39 days was apprehended when she stepped outside her rural home, apparently to cut the wire on a surveillance camera concealed in a bucket on her deck. She was taken to a hospital for psychiatric evaluation. *(WP)*

• **A 12-year-old girl in Sherman, Texas, died from the burns** she received trick-or-treating when her Halloween wig caught on fire as she brushed past a pumpkin with a candle in it. *(AP)*

POLITICAL NOTES



Eric S. Lesser/The Associated Press

TAXING — Newt Gingrich, speaker of the House, taking questions on the reform of the Internal Revenue Service at a meeting in Kennesaw, Georgia.

Clinton Calls for Gore To Be His Successor

AMELIA ISLAND, Florida — President Bill Clinton left an elite gathering of his party's top donors on Sunday by doing what none of his predecessors would have done in public. He campaigned for his vice president's presidency.

Before leaving for New Jersey and New York to campaign for various Democratic candidates, Mr. Clinton pushed forward Al Gore for the presidential campaign of 2000.

A president, as the de facto head of his party, traditionally adopts a neutral stance when discussing its next standard-bearer.

Gazing out at a gathering of party loyalists who had spent $50,000 for the right to attend a three-day "Autumn Retreat" sponsored by the Democratic National Committee, Mr. Clinton on Saturday night offered a brief summary of his accomplishments.

"But what I want to say to you is," he said, "if I hadn't been smart enough to pick Al Gore to be my running mate, none of it would have been possible." *(Reuters)*

Reform Party's Rebirth

KANSAS CITY, Missouri — For those who thought, or hoped, the Reform Party was dead, think again: More than 400 delegates and hundreds of supporters from every state gathered here over the weekend to begin the process of creating what they believe will be a viable third party.

"I think the infighting with the Reform Party has gone on long enough," said the interim party secretary, James Mangia, to the roaring approval of delegates. "Let's get on with building the Reform Party and saving America!" *(WP)*

Quote/Unquote

Alan Altshuler, an urban affairs specialist at Harvard University's Kennedy School of Government, on why mayors in many of the nation's largest cities appear to be gliding toward easy re-election Tuesday: "There was a sense for a long time that things were spiraling out of control and cities were becoming jungles where it was dangerous to do business — let alone think about living. Now, if the economy doesn't seem too far out of whack, people are pretty grateful." *(NYT)*

Democratic Candidates Feel the Pinch

By Terry M. Neal
Washington Post Service

WASHINGTON — The Republican Party is pouring millions of dollars into this year's three major off-year elections, far outpacing the efforts of the debt-burdened Democratic Party.

For the Democrats, the trend is disconcerting and a possible sign of what may come next year when hundreds of House, Senate and governors' seats will be up for grabs.

Because of the vagaries of campaign finance reporting deadlines, amounts are difficult to determine precisely, but Republican spending has far outpaced that of Democrats in the Virginia and New Jersey gubernatorial races, as well as the special election to fill the New York congressional seat vacated by Susan Molinari, a Republican, last summer.

Republicans outraising and outspending Democrats is hardly a new phenomenon, but the scale of the imbalance this year has rattled some nerves.

The Democratic National Committee has been strapped by a $15 million debt, largely the result of legal expenses related to the continuing campaign-finance scandal. In addition, the scandal has made fund-raising more difficult, especially for Democrats, and that has hindered the ability of national and state parties to work on behalf of candidates.

Representative Martin Frost of Texas, chairman of the Democratic Congressional Campaign Committee, professed to be unconcerned about the dollar gap. "Republicans always outspend us," he said at a news briefing, "but I don't think there's enough money in the world for the Republicans to stem the tide."

Others are less sanguine. "We haven't ever been at this much of a disadvantage," said a senior Democratic congressional staffer, who asked not to be identified. "Nobody has any money to do anything."

In Virginia, which does not have individual campaign contribution limits, the national Republican Party has contributed more than $2 million to the campaign of James Gilmore 3d. National Democratic committees, on the other hand, have put about $125,000 directly into Donald Beyer Jr.'s race.

In New Jersey — where Governor Christie Whitman is engaged in a close race with her Democratic opponent, State Senator James McGreevey — the Republican National Committee paid $760,000 for an "issue advocacy" ad urging voters to remember the tax-hiking, welfare-boosting days of past Democratic governors. While Democratic leaders, including President Bill Clinton, have raised money on his behalf, the Democratic National Committee has not put up money for television ads to counter the Republican effort.

In New York's 13th congressional district race, the Republican National Committee has paid $791,000 for 30-second issue ads that attack the Democratic candidate, Eric Vitaliano, but do not mention the Republican candidate, Vito Fossella, by name. Because the Democratic National Committee did not mount its own effort, Mr. Vitaliano was forced to finance ads out of his own campaign coffers.

"This year, the Republicans have an enormous advantage in all of the key races," said Larry Sabato, a political science professor at the University of Virginia, who has studied all three races. "The Democrats just haven't proven able to compete."

Democratic campaign officials acknowledge the disparity, but try to play down its significance. They accuse the Republicans of trying to buy elections. And, they argue, Democrats will win with good, old-fashioned footwork and volunteerism. For instance, in New Jersey and New York, organized labor has played a vital role not only in raising money for Mr. McGreevey and Mr. Vitaliano, but also in helping knock on doors and work phones.

"If you don't have gasoline, the car won't go," said a Democratic poll-taker, Harrison Hickman. "You have to have money to run a political campaign."

AMERICAN TOPICS

The Long Trek Westward

A drive across the continental United States can feel long, but consider what it was like before the modern highway system was built.

In 1919, the U.S. Army sent a convoy from Washington on a cross-country voyage to learn how motorized vehicles, not fully tested in World War I, would perform.

The convoy — a blacksmith shop truck, a wrecker, two trucks with spare parts, a gasoline tanker and two water trucks, a searchlight vehicle, a tractor, four kitchen trailers, five motorcycles with sidecars and assorted other vehicles — set out for San Francisco.

Part of the point, American History magazine recalls, was to see whether the West Coast could be supplied by motor vehicles from the East in the event of invasion.

The 300 soldiers on the trip were to assume that bridges and tunnels had been destroyed "by agents of an Asiatic enemy." Even without that, conditions were tough: Fewer than half of the roads were paved, and in the West, many were little better than the ratted trails used by 19th century pioneers.

Many of the drivers had never driven anything but plow horses. Some were heard to shout "Whoa!" when their machines went out of control. Some days the convoy covered only four miles. But the mission was a huge public-relations success. More than 3 million people saw it pass. Young girls offered sandwiches or coffee. Men intrigued by the sight of so much clanking machinery joined the army on the spot.

The army learned much from the 62-day trek, including how desperately the nation's road system needed upgrading. Dwight D. Eisenhower — a young lieutenant colonel at the time — as president four decades later signed the act creating the interstate highway system.

Short Takes

In 1966, the federal government began offering subsidies to schools that provided breakfast for needy children. Now, 5.9 million children get a subsidized meal each morning, nearly twice the number of 10 years ago. Educators say children who eat a nutritious breakfast tend to score better on standardized tests, but many children avoid the meals for fear of being stigmatized as poor. Some schools are trying such incentives as "frequent eater" programs to lure more students to eat.

The Salvation Army in Akron, Ohio, has set up credit-card machines next to the kettles it uses for donations. All major cards are accepted. The group hopes to increase its take and lower the risk of thefts.

Brian Knowlton



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Island Dispute Contorts Japan-Russia Summit

By David Hoffman
Washington Post Service

MOSCOW — The leaders of Russia and Japan wound up a Siberian summit meeting Sunday pledging to finally remove a long-standing roadblock to good relations — the 60-year failure to sign a World War II peace treaty.

But no sooner did the bear hugs and kisses end between President Boris Yeltsin and Prime Minister Ryutaro Hashimoto than Moscow put a key limit to what it was willing to concede.

The Russians said they would not surrender the Kuril Islands, which the Soviet Union seized from Japan near the end of World War II. The islands' status is the sticking point between the two sides. Japan has long demanded the return of the islands, which it calls the Northern Territories, before it will sign a treaty; the dispute has hindered the development of political, military and economic relations between Moscow and Tokyo.

In any case, the two sides gave themselves two years to work on a solution. After the meeting in Krasnoyarsk, they pledged to "make maximum efforts to conclude a peace treaty by the year 2000," Mr. Hashimoto said.

"This is a major breakthrough," Mr. Yeltsin said.

The leaders tried to produce progress on other issues and not let the islands dispute stand in the way. They proposed to bolster Japanese trade and investments in Russia, cooperate in development of oil pipelines and an upgrading of the Trans-Siberian Railroad, and train Russian business managers in Japan. Military leaders from both countries will visit one another and consider whether to hold joint peacekeeping and disaster rescue exercises.

Such agreements reflect a recent willingness by the Japanese to take some steps toward warmer relations, with the practical benefit of getting access to Russia's abundant natural resources and potential market for Japanese goods. However, Tokyo has shown no sign of putting the territorial issue aside.

From the Russian point of view, the summit meeting was meant to show the Japanese that relations can progress despite Moscow's hold on the Kurils. Mr. Yeltsin was clearly sensitive that the pledge to work out a peace treaty not be interpreted as a surrender. The fate of the islands has become a matter of pride to Russian nationalists.

Immediately after the close of the two-day talks, First Deputy Prime Minister Boris Nemtsov said that Mr. Yeltsin was bound by the Russian Constitution to maintain the country's borders and therefore the Kurils.

The government news agency Tass floated proposals to give Tokyo special status, short of sovereignty, on the islands. Japanese would enjoy special economic access and even rights of residency for Japanese citizens. "In the future, the South Kurils could become a jointly controlled zone," it said.

Russia's insistence on holding the islands is curious, considering that during the breakup of the Soviet Union, Moscow gave up pieces of land that were in its control far longer and whose histories were bound much more tightly to Russia's.

In 1956, the Soviet Union and Japan normalized relations without signing a peace treaty, although the Soviets pledged to return the islands when such a treaty was finalized. But they reneged after Japan signed a security treaty with the United States. In 1973, the Soviet leader Leonid Brezhnev brusquely told Tokyo that there was no territorial dispute and that the Kurils were Moscow's.

The days for that kind of tough talk seem over. Mr. Yeltsin went out of his way to strike a fast friendship with Mr. Hashimoto. By the end of the visit, they were calling each other Boris and Ryu. The Japanese leader presented Mr. Yeltsin with a camera, fishing rod and a cartoon film about Russian and Japanese sailors. Mr. Yeltsin gave Mr. Hashimoto two wolf hides and gems from Siberia. They both dressed informally — the talks were billed as a "summit without neckties."

In what is becoming a kind of post-Cold War craze, the two leaders pledged to set up a hot line between them in case of a crisis. Mr. Yeltsin already has similar telephone lines to six other capitals: Washington, Bonn, London, Paris, Beijing and Seoul. In Washington last week, President Bill Clinton agreed with President Jiang Zemin of China to set up their own hot line.



Agence France-Presse

PAKISTAN TENSION — A boy passing tires that were set ablaze in Karachi by protesters Sunday after a grenade attack by unidentified assailants killed three Sunni Muslim leaders.

Pakistani Nettles The Powers That Be

Sharif Moves to Entrench Authority

By John F. Burns
New York Times Service

ISLAMABAD, Pakistan — Nine months after the election in which Mian Nawaz Sharif won a landslide victory and became prime minister again, his bruising drive to entrench his authority has raised fears that Pakistan could be headed for another cycle of upheaval.

Since he regained the office from which he was ousted by presidential decree in 1993, Mr. Sharif, 47, has sought to ensure that he could not be unseated again before completing a full five-year term. To that end, he has set out to curb the powers of the president, the commander of the army, the judiciary and Parliament.

On Friday, with newspapers warning that he was risking a new takeover by the armed forces, which have ruled Pakistan directly or indirectly for nearly 30 of its 50 years as a nation, Mr. Sharif staged a last-minute retreat from the latest in a series of power struggles.

This time, the dispute was over the appointment of five new supreme court justices Mr. Sharif had wanted to block.

He maintained that the 12-member supreme court had no need for the extra judges. But his critics asserted that he viewed several of the nominees as potential adversaries who might vote against him if old corruption accusations resulted in attempts to remove him from office.

According to accounts circulating in Islamabad, Mr. Sharif agreed to the judges' appointments only after the army commander, General Jehangir Karamat, told him that he would not tolerate a constitutional crisis.

Although the military leadership issued a statement saying that it was acting "without being partisan in any way," General Karamat's role in the dispute was seen by many as a reminder that the army remains the final arbiter of power here.

But many newspapers Saturday carried warnings that Mr. Sharif, who earned a reputation for being impulsive in his first term as prime minister, might return to the offensive.

In that case, the newspapers said, Pakistan should brace itself for the possibility of a new period of army rule. The army, long restive in the face of economic mismanagement and corruption by civilian leaders, might just run out of patience.

"Is martial law in the offing?" asked the headline on an editorial in the Pakistan Times on Friday, hours before Mr. Sharif backed down. A similarly gloomy editorial in The Nation, another English-language newspaper widely read by the country's political establishment, concluded that the time for civilian rule might be running out.

In a speech to Parliament, Mr. Sharif depicted his efforts to bolster his power as essential to tackling the "corruption and economic ruin" that he said he had inherited from Benazir Bhutto's government, which President Farooq Leghari ousted in November 1996 after accusing it of misrule.

In the election that followed, Mr. Sharif's Pakistan Muslim League and its allies won more than 150 of the 204 seats in Parliament, against only 18 seats for Ms. Bhutto's Pakistan People's Party.

BRIEFLY

Hun Sen Denies Prince Can Return to Politics

PHNOM PENH — The Cambodian leader, Hun Sen, appears to be standing firm on his insistence that deposed Prince Norodom Ranariddh could not take part in elections next year.

The United Nations said last week that a letter from Hun Sen had indicated he would agree to allow Prince Ranariddh to return to Cambodian politics without fear of prosecution for alleged political crimes.

Over the weekend, Hun Sen's office said UN Secretary-General Kofi Annan had misinterpreted Hun Sen's assurance that politicians who fled in the wake of Hun Sen's takeover could return. It said this did not apply to the prince. *(Reuters)*

Ramos Attacks Corruption

MANILA — President Fidel Ramos vowed Sunday to free the Philippines from official corruption before he leaves office next June.

"I'd like to leave behind a bureaucracy with unquestioned integrity, efficiency and credibility," the president said in a statement.

Partial statistics released by the presidential palace said the civil service commission had fired 152 officials from July to August this year for fraud, including falsifying documents. *(Reuters)*

Street Fighting in Dhaka

DHAKA, Bangladesh — Thousands of political activists battled the police here while lawmakers of the main opposition continued their months-long boycott of Parliament.

The Bangladesh Nationalist Party said its 113 legislators would not return to Parliament until the government stopped "repression of opponents and allowed them to talk freely." It called for a half-day general strike in Dhaka on Tuesday.

Party activists, backed by militants from smaller rightist parties, threw home-made bombs and stones at the police and engaged in fist-fights, witnesses said. *(Reuters)*

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JIANG: 'Mistakes' Were Made

Continued from Page 1

eight years later, was a shadow over Mr. Jiang's summit meeting with President Bill Clinton last week. That meeting, the first between the nations' leaders since 1989, was designed by both as an opportunity to outline common interests and areas of cooperation.

Mr. Jiang's appearance at Harvard was met by the largest, loudest and most emotional protest of his U.S. visit. As a drizzle turned into a chilling rain, a throng of activists chanting slogans for freedom and democracy in China and Tibet and "Shame on Harvard" overwhelmed a competing group of Chinese student organizations waving Chinese and U.S. flags to welcome Mr. Jiang.

Although protests have shadowed the Chinese leader at every stop, he had been well-shielded from demonstrators before Saturday. As his motorcade of black limousines arrived at Memorial Hall on the Harvard campus, Mr. Jiang came within a few yards of several hundred demonstrators. He was confronted by huge white and black "Free Tibet" banners and Chinese dissidents bellowing in Mandarin over loudspeakers. "Down with Jiang Zemin," "Down with one-party dictatorship" and "Jiang Zemin go home!"

One protester set a small Chinese flag on fire as police officers in riot gear watched.

Throughout his 45-minute speech, the muffled yells of protesters outside filtered into Sanders Theater, which is part of Memorial Hall.

"Although I am 71 years old, my ears are very sharp," Mr. Jiang said later, "and while I was speaking I could hear the bullhorns outside. I believed the only approach for me was to speak even louder than them."

Mr. Jiang's statements about Tiananmen probably did not presage an immediate change of policy, as Beijing has moved in recent years to silence political dissent even as it embraces more open markets. Reports this year that some Communist Party officials were pushing for a reevaluation of the Tiananmen crackdown have not yielded a change in the government's position. It has termed the student demonstrations a "counterrevolutionary rebellion" and has denied that they were motivated by patriotism.

In a news conference in Washington with Mr. Clinton, Mr. Jiang called the Tiananmen demonstrations "political disturbances" and defended the violence against the protesters as "necessary measures according to the law."

Still, Merle Goldman, a professor of Chinese history at Boston University, said she found "unprecedented" Mr. Jiang's use of the words "mistakes" and "shortcomings."

"The very fact that he admitted there were problems in the broader context was very unusual," she said.

Mr. Jiang made the remarks after a speech in which he urged his audience to look at China not through the prism of Western eyes but with an understanding of its culture and history. The address reflected themes that Mr. Jiang had been voicing during his visit: that human rights are relative concepts and that China's need for stability and economic development are more important than political liberalization.

The remarks marked the second time on his trip that Mr. Jiang appeared to broach publicly subjects that Chinese leaders have considered taboo. In a speech Thursday in Washington, he predictably defended Beijing's policy in Tibet, but added, "We believe that without democracy, there can be no modernization."

The statement was remarkable, Ms. Goldman and other China watchers noted, because it was an echo of assertions that led to the 1979 imprisoning of China's most famous dissident, Wei Jingsheng.

Mr. Jiang was in Los Angeles on Sunday, where he was to meet with Chinese-American leaders before heading home.

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EUROPE

Speed of Eastern Europe's Prosperity Raises Driving Hazards

By Jane Perlez
New York Times Service

WARSAW — East Europeans are having a love affair with the car, but they're not really enjoying it.

All over Eastern Europe, but especially in wealthier Poland, people are buying cars in an explosion of ownership that has come with better economic conditions and the growing acceptance of credit.

But paying for the car is the easy part.

Unlighted, narrow rutted roads that served in Communist times as national thoroughfares are jammed with new cars, from deluxe BMWs to modest Fiats, old cars, from boxy Skodas to poky Ladas, transport trailers and horsecarts and pedestrians wandering along the side.

These cavalcades of madness are made worse by drivers who fail to understand the link between accidents and driving while drunk.

Every country in Eastern Europe is seeing a dramatic increase in the number of accidents and deaths.

From the curving mountain roads of Romania to the straight but narrow roads across the Hungarian plains, drivers speed and use poor judgment.

As if trying to make up for the time lost under the Communists, when owning a car was a hard-to-come-by luxury, drivers view aggression behind the wheel as healthy.

Poles joke about how their affinity for riding fast horses three centuries ago has been transferred to speeding at the wheel of a new car.

Police escort cars for Hungarian politicians were involved in so many high-speed accidents last year that there were calls for driver-education courses for what was supposed to be the country's elite driving squad.

In Poland, the number and severity of accidents have become a national concern, although the authorities acknowledge that little is being done about it.

Poland's national traffic office estimates that for every 100 accidents last year, 11 people were killed, compared with 1.5 deaths for every 100 accidents in Britain.

Of the Eastern European nations, the Czech Republic was best with 5.5 deaths for every 100 accidents, just ahead of France.

The numbers also show the fatal connection between drinking and driving in Poland, where vodka is still common at business lunches and where a shot of plum brandy is easily had at a rural gas station before jumping into the car.

Despite strict laws against driving while drunk, Poland, with a population only two-thirds as large as Britain's, had five times more accidents caused by drunken driving in 1995.

Despite the steady increase in traffic, the number of police officers patrolling the roads remains the same.

In schools, driver education is almost nonexistent. Instead, primary-school students are taught basic road etiquette and how to ride a bicycle safely.

Poland requires 20 hours of driving lessons at a commercial school to get a license, but the driving age was recently lowered to 17, from 18, and students at Warsaw's elite high schools nag parents to give them informal lessons sooner.

The driving examiners appear to have high standards — but standards that seem to have no correlation with the erratic style of Polish driving.

A monthly magazine, Warsaw Insider, recently warned foreigners taking the test for a Polish driver's license not to be surprised if they failed, even if they had driven for many years in their own country.

"Examiners have been known to measure parking skills with a ruler and fail applicants who can't reverse straight into a parking spot without braking," the magazine said.

But it is not always drivers who cause the accidents.

In the Romanian capital, Bucharest, one legacy of the Ceausescu regime is a lack of street lighting, and the city's pedestrians, long accustomed to streets without cars, often have no idea that they can not be seen.

It can be so dark at night, said one Bucharest driver, Mihaela Paraschivescu, that she hunches forward over her steering wheel to peer through her windshield to ensure she does not run over someone.

"Sometimes you just see legs crossing the street," she said.

"Most of the time, you're just guessing that someone isn't moving out there."

A Polish truck driver, Krzysztof Lozinski, said peasants riding in horsecarts on the side of a road — with no reflectors — have so little idea of cars and distance that they often flick on a cigarette lighter, believing that is enough to warn drivers.

A veteran driver who travels both main roads and back lanes, Mr. Lozinski tells hair-raising tales.

"I've been witness to so many accidents it doesn't do anything to me," he said.

Referring to body bags at accidents, he added, "I see black foil many dozens of times a year."

"There was a time when an accident would make an impression on you," Mr. Lozinski said. "That was the time when you used your long lights and never turned them down. I still often pass bike riders without reflectors and people dressed in black with no flashlight."

In some places, there are the beginnings of road improvements.

In Hungary, a highway now runs all the way from the Austrian border to the capital, Budapest.

But many Hungarian drivers avoid the last stretch of the highway, which opened last year, because they say the tolls are too high.

In the Czech Republic, a four-lane highway runs from Prague to the Slovakian border.

Poland, the biggest country, boasts only one major highway, running about 100 kilometers (about 60 miles) from Krakow to Katowice.

It was built as a piece of good old-fashioned pork, ordered by the Communist leader of the country in the 1970s, Edward Gierek, who came from the region.

In Poland, the police expect the accident rate will increase until 2002.

By then, some of an $8 billion superhighway system that is planned will be in place. And by then, there may be more traffic officers and, who knows, more practical driver education.

In War on Corruption and Waste, UN Confronts Well-Entrenched Foe

By Barbara Crossette
New York Times Service

UNITED NATIONS, New York — Three years after the United Nations established an inspector general's office to combat waste and fraud, a clearer sense of the scope and style of corruption within the organization is beginning to emerge. So is an understanding of why it is often difficult to detect and stop.

Last week, Undersecretary-General Karl Paschke, the German foreign service officer who directs the anti-corruption office, released his third annual report.

It reveals a pattern of sloppy management in which contracts are awarded and money disbursed without reference to the organization's financial regulations or accepted rules of accounting. It describes a world of petty criminality, where cash sometimes seems to be sitting around for the taking.

In this freewheeling atmosphere, diverting money is relatively easy, the report demonstrates. At a news conference Thursday, Mr. Paschke emphasized that a major priority for his office's investigations was procurement. Contracts for catering, food purchases and air-charter services seem to be particularly prone to abuse, he said. Overseas, sweetheart deals involving friends and relatives abound.

Individual acts of corruption within the UN system rarely involve large sums of money. But Mr. Paschke said that his office had recouped about $30 million for the United Nations over the last year, in addition to the unknown amount it had saved by discouraging crimes through increased inspections.

In his work, Mr. Paschke faces serious and entrenched problems. UN offices around the world, beginning with the organization's European headquarters in Geneva, often seem to think that New York rules do not apply to them.

There is almost never a paper trail in UN transactions. In many distant missions, account books are kept carelessly if at all. Memos are not filed; instructions are often unwritten.

Furthermore, national governments put pressure on UN officials to hire or promote — but never dismiss — citizens of their countries who clamor for the prestige of jobs in the organization, and then find ways to enhance their incomes by manipulating travel allowances or salary advances.

UN employees — who request anonymity because they fear they will suffer more professional harm than the corrupt officials they want to expose — have provided numerous accounts of officials' being transferred rather than dismissed after being caught breaking the rules.

This happens frequently in cases of sexual harassment, nepotism and occasionally violence, according to these accounts. Whistle-blowers are neither encouraged nor rewarded.

Mr. Paschke's office has begun prosecuting officials in national courts when possible, to show that diplomatic immunity is no protection in serious cases. Departments and branches audited by his investigators are taking action rather than ignoring warnings as they did in the past, the report says.

Nevertheless, the 1997 report from Mr. Paschke's office to the General Assembly contains ample evidence that the job of cleaning out the corners of the organization is a big one. Among the cases this year are:

In Angola: "Acceptance of delayed, defective and short supplies from a vendor resulted in excess payments of $288,000 and losses of $980,000. There were also serious irregularities noted in the contracting of an aircraft. Internal control weaknesses resulted in extensive abuse of communications facilities." In Haiti: "An audit of communications disclosed that a telephone technician had provided unauthorized international access to some staff members and, in some cases, inappropriately reduced telephone charges."

In Palestinian refugee camps: "Funds were being siphoned off through the submission of false medical reimbursement claims."



Martyn Hayhow/The Associated Press

For Hillary Clinton, A Visit to the Blairs

Hillary Rodham Clinton strolling in the rose garden at Chequers, the official country residence of the British prime minister, Tony Blair. Mrs. Clinton came to the house north of London for a private weekend visit with Mr. Blair, his wife, Cherie, and their children. Mrs. Clinton arrived Friday night after a tour of Belfast that included a memorial lecture for Joyce McCartan, who ran a center for Catholic and Protestant women to promote peace in Northern Ireland. She met Mrs. McCartan, who died last year, when she and President Bill Clinton visited Belfast in 1995. Mrs. Clinton was expected to return to Washington on Sunday night.

BRIEFLY

Turkish Leader In Crete for Talks

AGIA PELAGIA, Greece — Prime Minister Mesut Yilmaz of Turkey arrived in Crete on Sunday, the first visit by a Turkish leader to Greece since 1988. The visit came as tensions between the two nations have increased over Cyprus and territorial rights in the Aegean Sea.

Mr. Yilmaz was greeted by George Papandreou, Greece's alternate foreign minister, at a rainy Iraklion airport. Mr. Yilmaz is expected to hold bilateral meetings with Prime Minister Costas Simitis on Monday during a summit meeting of Balkan nations.

Greece has accused Turkey of violations of its airspace in recent weeks, coinciding with joint Greece-Cyprus war games, and both Athens and Ankara have accused each other of aggressive behavior. *(Reuters)*

Kohl Is Criticized

BONN — The leader of Germany's Jewish population lent his weight Sunday to criticism of Chancellor Helmut Kohl for fueling concern about the number of Turkish immigrants in Germany.

Mr. Kohl said last weekend in a speech to the youth wing of his Christian Democratic Union that the number of Turks in Germany would more than double to 4 million or more if laws were changed to permit dual nationality.

Ignatz Bubis, chairman of the Central Council of Jews, said such forecasts were irresponsible. "Whoever makes such warnings about an influx of millions of Turks must expect to be accused of spreading panic and unnecessarily stoking up prejudices," he wrote in the mass-circulation Bild am Sonntag newspaper. *(Reuters)*

Bonn Aide Rejects U.S. Complaint

BONN — Foreign Minister Klaus Kinkel on Sunday rejected renewed criticism from U.S. lawmakers over Germany's treatment of Scientology and said he would bring the matter up during his visit to Washington this week.

A U.S. House of Representatives panel passed a nonbinding resolution Friday accusing some German officials of fostering "an atmosphere of intolerance toward minority religious groups." *(AP)*

MI-5 Ignored Alert

LONDON — Britain's MI-5 intelligence service ignored warning of a bombing in 1994 of the Israeli Embassy, a newspaper said Sunday after the government lifted a ban on reports of bungling by the agency.

The Mail on Sunday, quoting a former MI-5 officer, said that the agent who received a written warning of an imminent attack "buried" it in a colleague's cupboard. *(AP)*

BRITAIN: *The Contradictions of Blair's 'Beacon' for Europe*

Continued from Page 1

change of the Thatcher years, has moved into a distinct political, business and sociological culture — well apart and beyond the country's disconnection from economic cycles in Europe and the breadth of the doubt within public opinion here about getting irreversibly involved with the euro, the future European currency.

The sincerity and real audacity of Mr. Blair's ambition overrides any derision. But the fact is that his beacon, "social justice and competitiveness," according to Anthony Giddens, director of the London School of Economics, involves trade-offs on job security and the welfare state already made in Margaret Thatcher's Britain. That makes the process of persuading the rest of Europe to change its model for society not one of inserting more social justice into an open labor market, but of accepting the Conservative legacy of a capitalism comfortable with risks that Mr. Blair has rejiggered as "compassion with a hard edge."

The contradiction of Mr. Blair's serving essentially as an advocate of Thatcherism is massive. And it stands out against the background of a Europe in which the major reform proposition of the Socialist government in France is reducing the workweek, and the most striking social phenomenon in Germany is the growing polarization of rich and poor. The shorter hours in France represent standard statist intervention, while growing income disparities, now largely brushed off as a fact of life in Britain, will be an essential aspect in the German Social Democrats' attempt to oust Mr. Kohl 10 months from now.

From Europe's point of view, Mr. Blair may choose to point to Britain's 6.8 percent unemployment rate, far better than France's or Germany's, although established by his predecessors. But before talking of a British model, other countries will be checking on the Labour government's progress in reducing the 23 percent poverty level in the United Kingdom, the worst score in Europe outside of Greece and Portugal.

Denis MacShane, a Labour member of Parliament active in European affairs, said: "You're not a beacon to the guys who have a job in Europe. But you may be to the 18 million or so who don't. What the U.K. can be is the agent or purveyor of a risk-oriented mentality. The reflex is there — every Frenchman who opens a restaurant is a risk-taker. The British contribution will not be to be the new philosophers of Europe, but to create facts on the ground."

At Demos, the London think-tank whose co-director, Geoff Mulgan, is now on sabbatical as a policy adviser to the prime minister, the view is that, contrary to what the French government supposes, working hours cannot be reduced without cutting incomes, and that Mr. Blair can take this refutation of old-fashioned socialism into Europe, functioning as a "source of exhortation and mood-setting."

"If Blair gets his model," said Ian Christie, Demos's deputy director, "then you get a kind of Thatcherism with a human face. But there's a great deal of selling to be done there as far as Europe goes."

In practice, Mr. Blair's model of competitiveness plus social justice will not mean much more than bringing a minimum wage to the United Kingdom while steering clear of concentrating attention on the growing extremes of Europe's rich and poor.

At Downing Street, no target for poverty reduction is at hand, and at Demos, while there is acknowledgment that the "morality of wealth" needs discussion, no prospect for legislation or steering opinion on the subject by the government is foreseen.

It is at this point that the language of ambition and practicality collide.

Mr. Blair, according to Alastair Campbell, wants "to focus Europe on the issues that really matter." But when he is asked what the government would want said about its accomplishments on July 1 next year at the end of its six months holding the European Union's rotating presidency, Mr. Campbell becomes extremely modest: "Hopefully, they will say that the presidency was orderly. We would hope that by the end of the term we will be seen as having been constructive on EMU in a way that allows the project to be a success."

With the decision made to avoid commitment to European monetary union until a safer political juncture at home, much of the grand language in relation to leading Europe forward shrivels. The beacon flickers. At Downing Street, under the circumstances, there is the sense that a little humbleness is now in order.

An irony goes along with this realization. It is that Mr. Blair, having broken the taboos of 50 years of social democracy by pocketing the advances of Mrs. Thatcher's counterrevolution, now must modulate this message to the rest of the world. The reason is plain: Whatever the polls say about his popularity, Mr. Blair does not yet feel politically confident enough at home to challenge the surviving taboos that have always blocked Britain's definitive entry into Europe.

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Request for Expression of Interest for Design-Build Contracts

The Kowloon-Canton Railway Corporation (KCRC) invites expressions of interest from pre-qualifying contractors for the following design-build packages for Phase 1 of West Rail, a 30.5km, double-tracked, electrified railway system providing passenger services to Hong Kong's Northwest New Territories with a maintenance depot and 9 stations.

DESIGN-BUILD CONTRACT DB-320
Kwai Tsing Tunnels
This contract encompasses the design and construction of the tunnels (approximately 3,600m in length) from Ching Cheung Road in the south to Wing Shun Street in the north. The railway will proceed northwards from Ching Cheung Road through rock tunnels (approximately 1,700m) then transition to a cut-and-cover tunnel (approximately 680m) to pass below Kwai Chung Road and follow Kwai Fuk Road to Hing Fong Road. From there the alignment reverts to rock tunnels (approximately 1,100m) and finally to a cut-and-cover tunnel (approximately 120m). The work is planned to commence in late 1998 with construction to be completed by early 2002.

DESIGN-BUILD CONTRACT DB-350
Tai Lam Tunnel
This contract encompasses the design and construction of the tunnel (approximately 5,500m in length) beneath the Tai Lam Country Park. The railway will proceed from south of Castle Peak Road in Tsuen Wan to the northern portal in the Kam Tin Valley. The contract will include the development of the tunnel's southern and northern portals and a short section of line on an embankment to an interface with the West Rail Depot. The work is planned to commence in late 1998 with construction to be completed by late 2002.

Detailed descriptions of the scope of work activities and programme requirements will be included in the Qualification Questionnaire.

Requests for a Qualification Questionnaire should be made in English on company letterhead by facsimile to the Kowloon-Canton Railway Corporation, Attention: Procurement Manager at (852) 2601-2671. Requests for Qualification Documents received by the Corporation after 29 November 1997 may be too late for consideration.

KCRC will, at its sole discretion, evaluate responses to the Qualification Questionnaire. The tender documents will require parent company guarantees in respect of each entity. Tenderers will be required to provide a tender bond the value of which will be determined at a later date.

No communications in response to this advertisement will be accepted by KCRC except by facsimile at the above noted facsimile number.

This procurement activity is covered by the World Trade Organisation's Government Procurement Agreement.

Interested firms are advised that the construction of Phase I of West Rail will be subject to the approval of the Hong Kong Special Administrative Region Government around September 1998.

Additional information is also available on the Internet at the following address:
http://www.kcrc.com

KCR

西鐵 West Rail

Herald INTERNATIONAL Tribune
PUBLISHED WITH THE NEW YORK TIMES AND THE WASHINGTON POST

The Woodward Case

The murder case of the British nanny Louise Woodward first captured public attention because it connected with all working parents' fear that their children will be harmed when the parents are at work. Then on Thursday it captured even wider attention because of the possibility that the prosecution may not have met its burden of proving murder beyond a reasonable doubt, and because of a sense that Ms. Woodward's lawyers may have refused a plea bargain that would have avoided a life sentence.

It is a complex case with anguish on every side. The grief of the parents, Deborah and Sunil Eappen, whose 8-month-old son, Matthew, died of head injuries in February, is heartbreaking. For Ms. Woodward, a 19-year-old au pair who came to America on a cultural exchange program and earned room and board and pocket money by taking care of the Eappens' baby and their 2-year-old son, a yearlong trip to see America has turned into a nightmare.

Prosecutors say with absolute certainty that Ms. Woodward willfully inflicted the injuries that killed Matthew. But their certainty does not amount to proof.

The defense team produced expert testimony that the injuries that killed Matthew Eappen occurred several weeks before the date specified in the charge against Ms. Woodward. Many courtroom analysts believed that Barry Scheck, a defense lawyer, had created reasonable doubt about the prosecution's medical evidence, and expected a hung jury or acquittal. But the jury apparently felt that whatever the details, Ms. Woodward was responsible for those injuries.

There was also a question of intent, which goes to whether second-degree murder, with a life sentence, was the correct finding. Even if the defendant inflicted the injuries, she did not necessarily intend to kill the baby.

Second-degree murder under Massachusetts law is an intentional killing done with malice. The defense lawyers seemed to bet that the jury would not find the necessary intent. They persuaded the trial judge, Hiller Zobel, over the prosecution's objections, not to allow the jury to consider the lesser charge of manslaughter.

This Tuesday, Judge Zobel will hear defense motions to overturn the verdict, order a new trial or reduce the charge, perhaps to manslaughter. Such arguments are standard, but in court on Friday the judge's manner suggested that he regarded them as a weighty part of this case.

That is appropriate, for the standard of reasonable doubt has immense importance where the punishment is a life sentence, and this may be one of those rare cases in which the testimony demands that the judge review the jury's verdict with searching intensity. The court's duty here is not lockstep adherence to the sentencing guidelines. The goal is justice.

Whatever the outcome, it is clear that America's loosely monitored au pair system is also in line for searching inquiry. Teenagers like Ms. Woodward are rarely prepared to handle the stresses of full-time care of infants.

Au pairs, who are allowed into the country on special visas, are typically required to work 45 hours a week caring for two or more children in a home. The U.S. Information Agency, which oversees the program, has made the rules more stringent by requiring that au pairs who care for children under 2 have at least 200 hours of child-care experience. But calls to require that au pairs be at least 21 have met with resistance from au pair recruitment agencies.

The fundamental problem is that the families hiring au pairs are looking for affordable, reliable child care, while the young women who come from abroad to fill the slots are looking for adventure and cultural enrichment. Reconciling those two desires is difficult in the best of circumstances, impossible in many. The Woodward case shows how that clash can destroy lives.

—THE NEW YORK TIMES.

Elders to the Rescue

As Congress winds down, the cause of campaign finance reform is battered but still alive.

After preaching a funeral oration that convinced some spin-friendly commentators, Senator Trent Lott was forced to guarantee a vote next spring on the McCain-Feingold bill. House Speaker Newt Gingrich agreed on Friday to allow a similar vote.

The day's other big event was Senator Fred Thompson's announcement that his investigative committee will suspend its hearings. He was frustrated by his own overreaching at times, but even more by fleeing witnesses, by White House foot-dragging and by a coalition of special-interest politicians led by Mr. Lott and the Democrats' John Glenn.

Nonetheless, Mr. Thompson forced Attorney General Janet Reno and a snoozing FBI to quit ignoring any and all indications of corruption in the 1996 campaign. Ms. Reno may still try to evade her obligation to appoint an independent counsel, but thanks mainly to Mr. Thompson any such evasion will stir cyclonic outrage.

Moreover, the committee has left a documentary record — the videotapes of White House coffees, the door-opening memos from the Democratic National Committee, amnesiac fund-raisers, contributors bragging about the purchase of access — that adds up to an inescapable mosaic of a government for rent.

The impact of that public record can be judged by the spontaneous coalition of conscience that has emerged among the elders of both parties.

Former President Gerald Ford, for instance, said recently that a ban on soft money was needed to "restore the confidence of our citizens in their federal government." He and two like-minded former presidents, Jimmy Carter and George Bush, demonstrate that the most passionate advocates of this reform are those who know the system best.

Although Mr. Lott, the Senate majority leader, and Mr. Gingrich are Capitol Hill's most implacable opponents of a cleaner system, their party's most respected congressional veterans are aligned with the former presidents. Supporting a soft money ban are two former Senate majority leaders, Bob Dole and Howard Baker, a former House Republican leader, Bob Michel, and a former Republican national chairman, Bill Brock.

Mr. Lott's power over his party clearly does not extend to its Senate alumni. Among the advocates of change are Alan Simpson, Nancy Kassebaum, Mr. Baker and six other former senators.

This appeal from the elders is timely. Last week the McCain-Feingold bill escaped another Lott plot to kill it. Fearing a public relations disaster, Mr. Lott scheduled the one thing that defenders of the status quo most detest, an unencumbered Senate vote on reform.

Reformers now have an opportunity to offer the McCain-Feingold legislation in the form of an amendment that cannot be altered before an up-or-down vote no later than March 6. The supporters can probably get more than 50 votes for the bill, although getting the 60 needed to make it filibuster-proof will be hard.

In the weeks ahead, Mr. Lott's team will repeat their canard that unlimited party contributions are a matter of free speech. In fact, corporations have been barred from contributing to candidates since 1907, and unions have been barred since 1947. Individual limits on donations were enacted in 1974. The McCain-Feingold bill is not imposing unprecedented new restrictions on politics. It simply extends the logic of laws that Americans have supported for decades.

The weekend of Halloween has brought the fearsome spectacle of President Bill Clinton and the Republicans reaching new lows in campaign fund-raising. Believing that they are immune to public revulsion even after a year of disclosures about re-election abuses, Mr. Clinton has joined Vice President Al Gore and other Democrats in raising nearly $3 million at a luxurious Florida beach resort. Not to be outdone, Republicans expect to scare up a staggering $6 million this week in two days of fund-raising events in Washington.

There will be, in other words, a lot of money at stake when Senator Lott rallies the old order for another stand next March.

—THE NEW YORK TIMES.

Turkey's American Friend Should Talk Straight

By Jim Hoagland

WASHINGTON — Friend and ally to Turkey for half a century, the United States today plays a new role: pusher. The drug of choice is unrealistic ambition, fed by Washington to Ankara to keep the Turks cooperative.

The Clinton administration has correctly identified Turkey as the new "front-line state" in global conflict. It is the major crossroads of the religious, social and nationalist fractures of new era politics, and gateway to the oil fields of Central Asia, Iraq and the Gulf. Turkey counts.

But Washington is as weak at remedy as it is strong on diagnosis. In no other region of the world is the imbalance greater between a region's declared importance to U.S. interests and active, sustained U.S. involvement.

Instead the Clinton administration offers diplomatic opium to the Turks, suggesting that the answer to their problems is quick membership in the European Union, and then presses the Europeans to admit the Turks and overlook a few flaws here and there.

There is nothing inherently wrong with the U.S. goal of Turkish membership in the 15-member club of Europe's most affluent nations. A Turkey that fits into Europe economically and socially would be a more stable nation, as U.S. diplomats argue at international conferences and in increasingly acrimonious private exchanges with their European counterparts.

But Washington turns a blind eye to the self-destructive, addictive behavior of the Turkish military that makes EU membership in the near future a pipe dream. Worse, Washington denies its own responsibility for conditions that feed that behavior.

The Turkish military, which dominates the weak coalition government in Ankara, is not interested in harmonizing value added taxes, a perennial hot topic in the European Union. The Turkish military expends its energies persecuting dissidents at home — a new wave of arrests of human rights activists was launched last week — and plunging deeper into a nasty civil war in neighboring northern Iraq.

For several weeks Turkish warplanes have been strafing Kurdish guerrillas in Iraq on a near daily basis. Turkey has moved U.S.-supplied artillery into Iraq to fire on one Kurdish faction, and is dropping napalm on them from U.S.-supplied warplanes, Kurdish spokesmen say.

Turkey's involvement in the Kurdish civil war demolishes the notion that this is a distant, small conflict with no consequence for the United States. The White House pretends otherwise in its misleading reports to Congress and in anesthetizing public statements playing up the "success" of U.S. policy in northern Iraq and Turkey.

The confusion of American purposes is made clear by this officially unacknowledged, bizarre reality: The main target of Turkey's current attacks inside Iraq is the guerrillas of the Patriotic Union of Kurdistan, an organization that receives at least $500,000 a month in covert support from the CIA.

Official American money intended to finance peacekeeping has also been flowing to the PUK's Kurdish opponents, led by Massoud Barzani, who has allied himself with the Baghdad regime of Saddam Hussein.

The Turks are now weary of the vacuum that the United States has let develop in northern Iraq, a U.S. protectorate after the Gulf War. They are also understandably upset about the heavy financial sacrifices that the long U.S.-led economic blockade on Saddam has imposed on them.

Frustrated and confused about U.S. goals, the Turks follow policies that will result in both Kurdish groups reconciling with Saddam, who will resume operational control of the north.

On top of this disastrous scenario, the brutal Turkish campaign pushes further and further away the day when Ankara would be accepted by the European Union. U.S. abdication in northern Iraq, and its self-imposed blindness to the regional consequences of that abdication, undermine its proposed solution for Turkey's problems.

This large, developing Muslim nation already faces nearly insurmountable hurdles in gaining EU membership. Germany, with 2 million Turkish residents and 500,000 Kurds on its soil, is terrified of new waves of immigration. The Europeans are also keenly aware that they are being asked by the Americans to provide more financial support for Turkey so that U.S. help can decline.

Washington needs to acknowledge the damage its vacillating policy on Iraq has caused Turkey and offer financial compensation to Ankara. The deal must include Turkey's ending its human rights abuses at home and the border war on the Kurds, as part of a self-help program to get ready to join Europe.

Friends challenge self-delusion. They do not feed it.

The Washington Post.

Expect Recovery in Stunned Southeast Asia, but Not Quickly

By Philip Bowring

HONG KONG — There is a good chance that the $30 billion-plus IMF-led support package for Indonesia will lead Southeast Asia toward currency and stock market stability. The size of the bailout for the region's largest economy, which has U.S. as well as Asian backing, should be a turning point.

But do not expect any sharp regional recovery. At best, the groundwork has been laid for a prolonged period of Southeast Asian rehabilitation.

Hong Kong has yet to complete its catharsis. Many here are still in denial of the severity of the pain that will come from the abrupt end of years of asset inflation and easy money. Meanwhile, international banks have yet to own up to the huge losses they are sure to suffer all over East Asia.

The magnitude of the sums involved in the Indonesian as well as Thai rescues suggests that it is going to take a long time to work out the debts. The coming era of slow growth will last at least three years. Old investments will have to be serviced, while new ones are likely to be scarce for a while.

Quite how long recovery takes will partly depend on the extent to which the crisis has caused the sort of capital flight that Latin America and the Philippines saw in the 1980s. Have big groups parked cash offshore and left their debts with banks and companies at home? Will they bring their cash back soon, or wait till they see whether the coming economic downturn leads to political unrest?

Another factor in rehabilitation will be whether well-run companies will be forced to help rescue those ill-run by political cronies.

The rescue and reorganization of Indonesian and Thai banks should now be assured, to the relief of local depositors. But the package will do nothing for the foreign banks which have loaned offshore to Indonesian business. Indeed, IMF supervision should lead to tougher loan recovery efforts onshore. Western stock markets may have yet to appreciate the losses that some of their big banking names will take in Asia.

In Hong Kong hubris still lives. In shows of bravado, companies have taken to massive buying of their own shares, which looks "patriotic" but is a gamble. High-profile buyers include Cathay Pacific Airways, even though its profits are plummeting, Sino Land, already the most leveraged of the major property companies, and Hang Seng Bank.

It is not surprising that Moody's has just downgraded Hong Kong banks' ratings if they respond to an asset price fall by shrinking their capital base.

Meanwhile, the Hong Kong Monetary Authority has, in the view of many economists, undermined the theoretical basis for its pegged exchange rate system, which is supposed to ensure the survival of the peg to the currently almighty U.S. dollar.

The authority's interventions have suggested that it wants to manipulate interest rates as well as keep the currency stable. It may be caught between the demands of the peg and those of the politically powerful property developers who cannot abide high interest rates for very long.

China has been keeping a discreet silence, but its longer-term response to regional developments will be crucial. The yuan is stable. Not being freely traded, it is immune from attack.

China's exports have been growing fast, and it is sitting on huge foreign reserves. But with its economy slowing, prices falling and state-owned enterprise losses continuing to mount, the last thing China needs is a collapse of export growth as Southeast Asia grabs back the market share it lost after China's huge January 1995 devaluation.

If China were to let the yuan slide, it would signal continuation of the competitive devaluation that has been one cause of Asia's current woes. It would also add to the threats to Hong Kong's currency.

U.S. pressure on trade issues, as well as the Hong Kong question, will probably ensure that China opts for a strong yuan for the time being. But six months hence its domestic needs could become decisive.

One storm has abated, but dark clouds still threaten.

International Herald Tribune

Leaders Would Do Better to Pay Attention to Demonstrators

By Mary McGrory

WASHINGTON — Presidents hate demonstrations. The notoriously touchy Lyndon Johnson was outraged by them. Richard Nixon was unhinged by them. The irony is that if either of them had listened to the Vietnam War protesters they might have saved their presidencies.

People carrying posters often put the "real" in realpolitik.

Last week's demonstration against Chinese President Jiang Zemin was puny when compared with the hosts of Vietnam. More than a million people joined a march on the Pentagon in 1967.

On Wednesday some 2,000 people showed up in Lafayette Park to protest China's human rights record. But this turnout was enough to cloud the day of the old protest organizer now residing in the White House. It was a spirited affair that featured many of Bill Clinton's people — labor, Hollywood, Kennedys. About 98 percent of the speakers were Democrats.

The administration's spinners, starting with Madeleine Albright, tried to put the China question into a rigid either/or equation. It would be "irresponsible," they said, not to engage with a country of the size and importance of China.

The protesters were not saying they wanted to go back to the pre-Nixon era of pretending that China did not exist. Said Sandra Cuneo of the Robert F. Kennedy Memorial Center for Human Rights, as she picked up litter: "It's the terms of engagement that worry us."

Mr. Clinton, at age 50, is still subject to fads and crushes. He discovered Asia and swallowed it whole. He is hell-bent for trade and sees unlimited opportunities in Beijing.

In the case of NAFTA, he was so insistent on extending trade to Mexico that he made compromises on labor, civil rights and the environment that bedevil his latest attempts at "fast track" trade negotiations. On China, said one of his former advance men who was helping out in Lafayette Park, "he inherited a mess from Bush — and he bought into it."

Americans who remember the interventionist years when we expressed our displeasure with recalcitrant countries are puzzled by our passive response to China's in-your-face disregard of human rights. In the old days, we bombed, invaded and subverted countries that refused to get with our program.

Instead we now are selling nuclear reactors to Beijing and inventing a history of "cooperation" on nonproliferation.

Why? The short, crass answer is money. U.S. firms drool over prospects of trade with more than a billion buyers. They are putting factories in China that will compete with their own back home — just in the hopes of more Chinese deals.

The most baffling aspect may be the exertions and contortions that are occurring against the reality of a $40 billion trade deficit. It will go higher with Christmas toys. Slave labor is cheap.

Mr. Johnson and Mr. Nixon dismissed street smarts as mob rule. Mr. Johnson had many chances before the ultimate Vietnam protest — Eugene McCarthy's 1968 presidential campaign — to make for the exits in Southeast Asia. Michael Beschloss's new book "Taking Charge," a compilation of LBJ's White House tapes, tells us that Mr. Johnson feared condemnation from his arch enemy, Bobby Kennedy.

Mr. Nixon promised that he would end the war, but 20,000 more Americans died while he weighed how withdrawal would affect his re-election chances. His accomplice, Henry Kissinger, defended Mr. Nixon's Vietnam policy by telling gullible senators and journalists, "If you could see the cables ..."

Well, eventually, we did see them, and they had the same fatuous jargon we heard in the speeches from the throne.

The current example of the efficacy of taking to the streets comes from Italy, where Prime Minister Romano Prodi was restored by the timely intervention of common people.

Mr. Prodi's coalition partner, Fausto Bertinotti, a reconstituted Communist, withdrew his support for a proposal to bring the country into compliance with European Union fiscal standards by cutting Italy's extravagant pension system. Mr. Bertinotti had heard Italians moaning and groaning about austerity and taxes, but failed to understand the underlying commitment to Europe.

He went to a peace rally near Perugia, where he was booed and hissed off the scene. He scurried back to Rome to make his peace with Mr. Prodi. Demonstrators had spared their country from the opprobrium of the fall of another government (56 in 56 years) when Mr. Prodi took up the reins again.

Large groups are no more infallible than small groups, but they often have something to say. Bianca Jagger, a veteran activist, even thinks the president was listening — or at least someone at the White House was listening for him.

"At his press conference with Jiang, he talked about a 'universal human rights standard,' which is what we were talking about," she said.

The Washington Post.

Beijing's Fear of Dissent Is Telling

By William Safire

WASHINGTON — Like Johnny Chung and Charlie Trie, Jiang Zemin knew exactly how to gain access to the Clinton White House: lay the money on the table.

The entry fee was a $3 billion order for 50 aircraft to be built by Boeing, a mismanaged U.S. company that cannot turn a decent profit on the orders already on its books. The big money — $60 billion to build nuclear power plants — goes to Westinghouse and other U.S. firms, which will make American nuclear policy dependent on the goodwill of Beijing.

A mere bump on the road to the summit was China's record of mendacity about transferring nuclear and missile technology to Pakistan and Iran. The American president, bonding to the man whose Great Wall he needs for a photo-op before next November's elections, extracted "clear assurances" that China will not do what it insists it never did but promises to stop.

President Jiang comes away from his state visit as the man who triumphantly closed the Tiananmen chapter in relations with the barbarian superpower, while the dissidents Wei Jingsheng and Wang Dan still languish in their cells.

Mr. Jiang can also boast to China's nervous neighbors in Japan and Southeast Asia — including democracies that look to America to counter Chinese hegemony — that the prospect of trade is the key to influencing American policy, and that no other potential market can compete with 1.2 billion Chinese.

Bill Clinton comes away in the pose of the geopolitical realist. He would have us believe that while candidates can campaign against "coddling dictators" (as he did and as Dick Gephardt is now doing), sitting presidents must park all ideals and accommodate despotism. He suggests that the only alternative to his pragmatic declaration of normality would be "to create a new Cold War."

That's a straw-man argument, lacking subtlety, a quality that Chinese diplomats cultivate exquisitely. Washington should adopt a policy of disciplined engagement, intricately verifiable, sometimes saving face through temporary secrecy but based on reciprocity and coolly penalizing intransigence or betrayal.

Cutting through the diplomatese: How do you get President Jiang, so hung up on the appearance of stability, to spring Mr. Wei and Mr. Wang?

Mr. Clinton knows the approach; he touched on it, too gingerly, in last week's joint press conference. "The societies of the 21st century that will do best will be those that are drawing their stability from their differences; that out of this whole harmony of different views there is a coherence of loyalty to the nation."

He should punch that up into words that wound pride: Only a government that is strong and stable can tolerate dissent. A weak regime betrays its fear by jailing its opposition. Every day that Mr. Wei and Mr. Wang spend behind bars is Mr. Jiang's admission that Beijing is afraid of being overthrown by the people. Repression is weakness.

This argument hits where it hurts, in the soft stomach of instability. And, as Henry Kissinger used to say, "it has the added advantage of being true."

The American focus on human rights everywhere should be no threat to order in China if that country is stable. Why do Beijing's leaders want to advertise to the world their horror of what a couple of longtime jailbirds, with no following and no army, might complain about?

Evidently Mr. Clinton has not been able to get this point across. Mr. Jiang still thinks the release of a couple of tortured but unbroken human beings would be a concession to the West, not a display of governmental confidence.

Norway's craven Nobel committee has not helped. By again denying the peace prize to China's heroic Wei, and bestowing it instead on America's land mine activist, the committee delightedly embarrassed the U.S. president and flinched before the glare of China's leaders. (Send 37,000 Norwegians to Korea with no land mines to slow an attack from the North.)

When Beijing adopts free market rules, and not before, the United States should support entry to the World Trade Organization. When China, over time, demonstrates adherence to nuclear-spread rules, the United States should proceed in stages on power plants. When Mr. Jiang feels secure enough to permit his people to speak and worship freely, America will be dealing with a genuine superpower.

The New York Times.

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IN OUR PAGES: 100, 75 AND 50 YEARS AGO

1897: Tammany Wins

NEW YORK — The returns show that over half a million votes have been cast. The Tammany leaders claimed that Judge Van Wyck was elected. Enormous excitement followed this announcement, bands playing, tin trumpets braying, and the cheering being deafening. Crowds surrounded bulletin stations, being largely composed of typical New York roughs shouting themselves hoarse over Judge Van Wyck's victory.

1922: Berlin Blamed

NEWARK — Mr. Otto H. Kahn [a partner in Kuhn, Loeb & Co. and president of the Metropolitan Opera Company of New York City] blamed Berlin for keeping Europe in a turmoil. "Until Germany, situated in the centre of Europe, can formulate some definite plan of action for the future and become a working member of the family of European nations, Europe cannot rest in peace and normalcy and France cannot be paid," he said. "The war debts were money advanced by the United States incident to defraying the cost of the war ... Europe should not be embarrassed in the collection of these taxes."

1947: Czech Problem

PRAGUE — The Soviet Union has increased original demands on Czechoslovakia's industrial output to the point now where fulfillment would mean complete Russian absorption of all Czechoslovakia's heavy industrial export potential. Because of these demands, Czechoslovakia has been seeking foreign credits, especially in the United States, in order to fill Russian orders and maintain her export trade with "hard currency" areas such as Switzerland, Sweden and Belgium.

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LANGUAGE

On Inadvertence, Bagmen and Getting Mad

By William Safire

WASHINGTON — Lanny Davis, the White House senior spinmeister, used his favorite modifier again the other day: "We understand that the military office .... may have *inadvertently* neglected to photocopy the first two sheets."

The hot new word at the White House is *inadvertent*. The root is the Latin *vertere*, "to turn"; to *advert* is "to turn to," and an *advertisement* is a message to turn one's attention to. An *inadvertence*, contrariwise, is the result of a turning-away of attention leading to what is invariably described as "an honest *mistake*."

The synonym of *inadvertent* is "accidental," but no government likes to use that word too often; the synonym of the noun *inadvertence* is the dread "oversight," a Janus word that means both "an innocent error" and "a bunch of slavering congressmen on a witch hunt." (A favorite verb of meanspirited pundits is *animadvert*, adding a snarling animus to the turning-to, meaning "to note with a sneer.")

The campaign finance scandal has at last turned up one of the great words in the lexicon of graft. Representative Dan Burton, chairman of the House Committee on Government Reform and Oversight, fixed his sights on a "rather mysterious figure who had ties to Charlie Trie, the Lippo Group, and John Huang. He was apparently the *bagman*."

A *bagman*, in underworld parlance, is "one who carries the *boodle*, or money, from the beneficiary of a corrupt deal to the grafter." First spotted in 1928, *bagman* was accurately defined as a New York criminal term by London's Sunday Times in 1952: "A *bagman* is one who administers the collection of graft money from either the underworld or the business world and its subsequent distribution among politicians and civil servants."

Though the carrier of the sack of cash from payoffer to payee is not as seriously culpable as his clients, the word, in both masculine and feminine form, is libelous; when the Harlem Congressman Adam Clayton Powell labeled as a *bagwoman* a person he thought was a courier in the policy racket, she sued for libel and was awarded damages. (A *bag lady*, who lives in a doorway with her belongings in a large bag, has no course of legal action for being so called; even so, it is safer to refer to her as a *street person*.)

The synonym of inadvertent is 'accidental,' but no government likes to use that word too often.

Finally, to a word carefully chosen by the attorney general, Janet Reno. After she had been humiliated by being among the last to learn of the existence of White House videotapes of fundraising coffees, she entered a news conference with a characterization of her reaction clearly in mind: "I was *mad*," she said in answer to the anticipated question.

Mad, from the Old English *gemaedde*, has at least three senses: 1) "crazy," as in "Mad King Ludwig" of Bavaria; the diarist Samuel Pepys wrote in 1664 of a "*mad* freaking fellow" (which was probably the origin of *freaked out*), or 2) "wildly foolish," as in General (Mad Anthony) Wayne, who earned his sobriquet because of imprudent actions during the American Revolution, but who later became the father of America's Regular Army, or 3) "angry," from the Latin *angere*, "to strangle," first used by Chaucer in 1386, to mean "aroused to a state of ire." Its use in that sense in American politics was best exemplified by a family slogan attributed to the Kennedys: "Don't get mad, get even."

A week after the attorney general said she had been *mad*, in the confines of a "greenroom" before a television appearance, I had the opportunity to ask Reno — "Mad Janet," as old fogies with memories of Mad Anthony promptly dubbed her — why she chose that particular word, a selection obviously premeditated.

"*Angry* is two syllables," said the nation's waste-not, want-not chief law-enforcement officer. "*Mad* is one. One is better."

New York Times Service

BOOKS

AFTER SUCH KNOWLEDGE, WHAT FORGIVENESS?
My Encounters With Kurdistan

By Jonathan C. Randal. 356 pages. $25. Farrar, Straus & Giroux.

Reviewed by Chris Hedges

THE bloody struggle between competing Kurdish factions should be a warning to all those who blindly support the nationalist ambitions of ethnic minorities. Throughout this century, a dizzying number of Kurdish groups and clans have forged alliances with Baghdad, Tehran, Damascus or Ankara to thwart their rivals. It is no accident that the shaky truce between the two main Kurdish militias in northern Iraq, which rose up in 1991 to fight Baghdad, was shattered again recently, plunging the area into another round of self-destructive warfare.

In "After Such Knowledge, What Forgiveness? My Encounters With Kurdistan," Jonathan Randal, a former reporter for The Washington Post, lays out in stark detail the foibles of a people cursed by a myopic leadership. He offers an impassioned denunciation of the various regional and world powers that have armed the Kurds and urged them to rebel when it suited the interests of those powers and then dropped them without warning, condemning them to ignominious defeat. He has done so with the steady eye of an observer whose own hopes for something better have been repeatedly dashed by the capriciousness of the Kurds themselves.

It is hard to chronicle such a disastrous history — especially given the drive by Saddam Hussein to eradicate the Kurds — without feeling pity for a people as horribly oppressed as they are misled. The counterinsurgency campaign by Iraqi forces, which included dropping poison gas on about 60 Kurdish villages, rivals anything the Serbs did in Bosnia and far outdistances the Israeli repression of the Palestinians. About 4,000 Kurdish villages have been razed and tens of thousands of people have been rounded up and executed. Perhaps 200,000 Kurds have been slaughtered in the last decade because of their ethnicity.

For many who have witnessed the bloodshed, the indifference of the outside world, and especially the Arab world, has bordered on the criminal. Randal can be forgiven if at times he sounds a bit preachy. This is not a pleasant story.

About 25 million Kurds live in a swath of territory that stretches from Iran through northern Iraq into Turkey. They have been fighting for an independent state for most of this century, but never as a unified force.

Randal's account swings awkwardly from reporter's memoir to a turgid recounting of Kurdish history, even plodding through ancient times. But he regains his poise in the modern historical sections, including a damning chapter on Shah Mohammed Reza Pahlavi and his slippery ally, the former U.S. Secretary of State Henry Kissinger. The two men encouraged and armed the Kurds in northern Iraq as a way to destabilize Baghdad. But the shah, in a secret deal with Baghdad, eventually dumped his Kurdish allies, creating an exodus as devastating as the one resulting from the aborted Kurdish rebellion after the Gulf War.

The difference, of course, was that in 1975, no television crews were there to beam to the outside world the pathetic scenes of those fleeing Kurds, thousands of whom were killed and tens of thousands of whom were driven into exile in Iran. The pictures of the exodus of the Kurds in 1991, by contrast, eventually prompted reluctant world leaders to intervene to save the Kurds and set up a "safe haven" in northern Iraq.

The safe haven brought the Kurds' return to their homes, an Iraqi withdrawal from the north and the protection of the region by allied air patrols, which continue to this day north of the 36th parallel. But the establishment of a de facto Kurdish state, the third this century, quickly succumbed like those before it to old hatreds, mismanagement and outside indifference or hostility.

There are some flaws in the book, most markedly Randal's failure to examine the concept of an ethnic state as espoused by the Kurds. He does not answer, for example, how an entity based on racial supremacy could create a state any more humane or democratic than the other dictatorships that plague the region.

Nor does he discuss whether repression alone gives a people a right to rule, especially if what they have to offer only mirrors the ideological primitivism of their oppressors. That said, this is a fine work. It has contributed greatly to our understanding of a people who have been fated to stumble through this century from one unfortunate tragedy, often of their own making, to the next.

New York Times Service

BRIDGE

By Alan Truscott

HAMMAMET, Tunisia, —The defending champions scored a big victory in the semifinal of the Bermuda Bowl world team championship. Nick Nickell, Dick Freeman; Jeff Meckstroth, Eric Rodwell, Bob Wolff, and Bob Hamman, won by 119 against a rival American team led by Seymon Deutsch.

In the finals, however, France defeated the Nickell team by 27. The French team consisted of Christian Mari, Alain Levy, Hervé Mouiel, Frank Multon, Paul Chemla and Michel Perron. All but the last two won the world Olympiad title a year ago.

The semifinal in the Venice Trophy for Women's Teams was a desperate struggle. One United States team, led by Mildred Breed won by just 5 against another, headed by Kathie Wei-Sender. The Breed team includes Tobi Sokolow, Randi Montin, Marinesa Letizia, and Lisa Berkowitz.

In the final, the Breed team defeated China, which had beaten France in the other semifinal, by 60 points.

The most exciting deal of the Bermuda Bowl semifinal virtually decided the match between the two American teams. In the diagramed deal, Nickell and Freeman, as North and South, succeeded in reaching six diamonds. East had heard his partner bid twice and not unnaturally doubled, but the contract was unbeatable. South would have made an overtrick if the opening bidder had held the spade king or the heart division had been different.

In the replay Meckstroth as West made a hypermodern opening bid of three spades, which in his methods showed an unspecified solid suit and little else. This is extremely difficult to bid against, as his opponents discovered. North overcalled four hearts, and Rodwell as East was charmed by this development. He doubled, which might have induced South to retreat to diamonds. He did not, and that was the most expensive decision of the championship. The result was down three, a penalty of 800 and a gain to the Nickell team of 20 imps, the biggest swing of the championships.

NORTH
♠ A Q 3
♡ K Q 10 7 3 2
◇ K 9 5 3
♣ —

WEST (D)	EAST
♠ 9 8 7 4	♠ K J 10 6
♡ 4	♡ A J 9 8 6 5
◇ 6	◇ Q
♣ A K Q 9 5 3 2	♣ 8 7

SOUTH
♠ 5 2
♡ —
◇ A J 10 8 7 4 2
♣ J 10 6 4

North and South were vulnerable.

The bidding:

West	North	East	South
1 ♣	1 ♡	Pass	2 ◇
3 ♣	4 ♣	4 ♠	5 ◇
Pass	6 ◇	Dbl.	Pass
Pass	Pass		

West led the heart four.

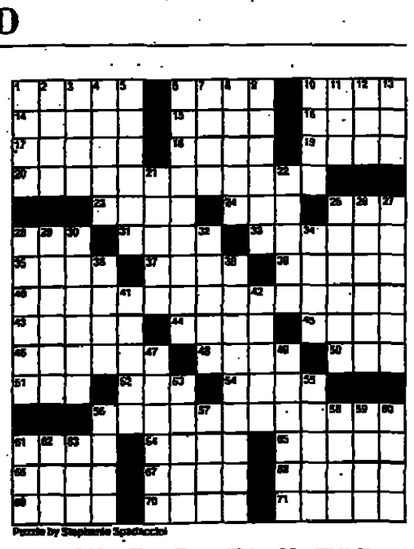
CROSSWORD

ACROSS

1 Freight
6 Watering holes
10 "Putin' on the ——" (Berlin classic)
14 Completely foreign
15 Early part of the day
16 "Toreador Song," e.g., in "Carmen"
17 River to the Rhône
18 Italian man
19 Rope material
20 Parlors
22 Metal refuse
24 Hwy.
25 Stovetop item
28 Mailing ctrs.
31 "Damn Yankees" temptress
33 Predicament
36 Official proceedings
37 Cartoonist Gross
39 —— diem (seize the day)
40 Applause, plus
43 *Chili con* ——
44 Vasco da ——
45 Back talk
48 Where some shoes are made
48 Bring home the bacon
50 "Yo!"
51 Martial arts expert Bruce
52 —— Cruces, N.M.
54 Spanish rivers
56 Cane
61 Graduation month
64 Pot ingredient
65 Artist Matisse
66 Marco Polo crossed it
67 *Catchall abbr.*
68 Like certain seals
69 An American, to a Brit
70 Ownership document
71 Gobs

DOWN

1 Elliot, of the Mamas and the Papas
2 Jai ——
3 Uproar
4 Men's room sign
5 "Mourning Becomes *Electra*" playwright
6 Customs officer's concern
7 Opposite of rich
8 Knight's protection
9 High-hats
10 Cheerleaders cheers
11 Anger
12 Director Burton or Robbins
13 Knock out, as with a remote
21 Supermodel Campbell
22 Muslim's destination
25 Outcast
26 Go up against
27 Wee
28 French mathematician Blaise
29 87 or 93 at the pump
30 Go on a hunger strike
32 Pond covering
34 "Fudge!"
36 Years, in old Rome
38 Roseanne's ex
41 Singer Reese
42 Brazilian airline
47 Stored, with "away"
49 Snacks
53 Use Rollerblades
55 Pitfer
56 Lacking strength
57 "Dies ——" (hymn)
58 Concerning
59 Ship's staff
60 Joshes
61 First Chief Justice John
62 Red, white and blue team
63 Writer Anais



Puzzle by Stephanie Spadaccini

Solution to Puzzle of Oct. 31

J	A	P	H	E	T	H		O	C	T	A	V	O	S
F	L	E	E	C	E	R		P	A	R	V	E	N	U
K	L	A	X	O	N	S		T	R	A	I	L	E	R
J	A	S	O	N	S		R	I	M	Y		A	B	C
R	Y	E	S		P	I	E	C	E	S		Z	O	E
			E	T	E	R	N	A	L		A	Q	U	A
M	O	I		R	E	V	E	L		S	T	U	N	S
A	V	O	W	E	D				G	R	E	E	C	E
D	E	N	I	S		B	I	G	O	T		Z	E	D
E	R	I	N		F	O	R	D	E	A	D			
A	L	A		R	I	D	E	R	S		O	R	A	N
F	U	N		A	G	E	S		G	A	Z	E	B	O
I	N	S	O	F	A	R		M	A	X	I	M	U	S
S	C	E	P	T	R	E		A	G	O	N	I	Z	E
T	H	A	T	S	O	K		Y	A	N	G	T	Z	E

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INTERNATIONAL

Great Amazon Burn-Off Worsens

International Funds and Local Regulations Fail to Keep Farmers and Loggers in Check

By Diana Jean Schemo
New York Times Service

RIO DE JANEIRO — In Porto Velho in western Brazil, thick clouds of black smoke have forced airports and schools to shut down.

In southern Para state near the Amazon frontier, people gasping for air have collapsed and ended up in hospitals. In the city of Manaus, the sun has disappeared for days at a time.

Twenty years after the goal of rescuing the Amazon rain forest first captured world attention, becoming the pet cause of celebrities and a regular topic in children's schoolbooks, deforestation and the burning of vast territories are again climbing.

Data in recent weeks suggest that the burning going on in Brazil this year is greater than what has occurred in Indonesia, where major cities have been smothered under blankets of smoke that spread to other countries.

Despite the fact that hundreds of millions of dollars have been spent to save the rain forest, burnings in the Amazon region are up 28 percent over last year, according to satellite data, and 1994 deforestation figures, the most recent available, show a 34 percent increase since 1991.

"Deforestation has done nothing but go up," said Stephen Schwartzman of the Environmental Defense Fund, a nonprofit group based in Washington. "Where the most money has gone is where the fires have increased the most." The group noted that half the fires recorded this year were in Mato Grosso, where the World Bank lent $205 million to save the rain forest in a natural resource management program.

Roughly a fifth of the fires that rage annually between June and October cause new deforestation, and another 10th is burning off ground cover in virgin forests. Scientists say that the Amazon rain forest may be reaching a critical level of dryness, in which standing forest could catch fire and burn out of control.

A report by the Environmental Defense Fund warned the Amazon "may be edging closer to catastrophic fire events," and predicted "potentially enormous global consequences."

The World Wildlife Fund found that 93 percent of the original Atlantic rain forest in the northeast had disappeared over the centuries, as well as 12 percent to 15 percent of the Amazon rain forest. The report said that Brazil was losing more rain forest each year than any other country on the planet. In addition to the 5,800 square miles (15,000 square kilometers) a year that satellite images show are deforested each year, the Woods Hole Research Institute estimates that 4,200 square miles are thinned through logging beneath the forest canopy.

Eduardo Martins, the president of the Brazilian federal environmental agency, said in an interview that the increase in fires, while worrisome, did not result in an increase in deforestation, although the two problems have risen in tandem. He contended that most fires were set by small farmers who would starve if they could not clear land for planting, and that the environmental damage paled next to fossil fuel emissions in the United States.

Beneath the noxious haze covering much of Brazil every burning season is an opaque, often contradictory, government policy toward the environment. "Properly speaking, we still don't have a policy, but we have a start," Mr. Martins told a Brazilian newsmagazine this year.

Lacking enforcement muscle, the government environmental agency ultimately collects only 6.5 percent of the fines it imposes. The rest are thrown out in court.

In a recent interview, President Fernando Henrique Cardoso acknowledged that the agency needed more money and muscle. A bill to strengthen it, stalled in Congress since 1991, passed the Senate this year. It is now idling in the House, where the Federation of Industries is lobbying against it on the ground that threats of cash fines and prison will open the way for corruption.

For now, not surprisingly, the agency is usually ignored by the people it is supposed to monitor. While permits are required for burning, the agency has reportedly issued licenses to clear a total of only about 24,700 acres (10,000 hectares) this year, an area seemingly far smaller than what would produce the dense clouds of smoke that have appeared over several states. Mr. Martins disputed that permits were issued for only such an area, but his office declined to provide another figure, or the number of permits issued last year.

While even poorly enforced measures and licensing procedures are intended to deter deforestation, until recently other government statutes deemed cleared forest to be "an improvement on the land," which meant it was less likely to be considered unproductive and seized for agrarian reform. If the owner sold it for government redistribution to peasants, burning and planting paid off in higher compensation. Mr. Martins said that was changing now.

But the pace of destruction appears to be dictated more by the marketplace than by any government measure. The demand in Europe and the United States for hardwoods like mahogany, used for furniture, has ushered in large illegal logging operations throughout the Amazon. And a report by the federal secretary of strategic affairs, recently disclosed in the Brazilian press, says that 80 percent of all logging in the Amazon is illegal.

The government appears caught between largely international pressure to reduce the amount of burning and deforestation, and powerful domestic lobbies from the logging industry, farmers and large landholders. It is building several major roads that will cut into the Amazon, and a $1.2 billion state-of-the-art surveillance project will soon detect minerals, ores and other natural resources hidden beneath the forest canopy.

The Amazon surveillance project could also provide current information on deforestation, but ecologists are wary, for the Brazilian government has been in no hurry to analyze the data it has already. After years of saying that deforestation was on the decline, last year the government released deforestation figures for the first time in four years — showing the 34 percent increase.



Scientists say that the Amazon rain forest may be reaching a critical level of dryness, in which standing forest could catch fire and burn out of control.

BRIEFLY

Israel Is Upbeat on Eve of Talks

WASHINGTON — Foreign Minister David Levy of Israel arrived here Sunday for talks that were set to begin Monday with the Palestinian negotiator, Mahmoud Abbas.

"I wonder about what I hear about pessimism from the Palestinian side," Mr. Levy said. "Those who want to make progress should show optimism."

The Palestinian leader, Yasser Arafat, had said in an interview with the Israeli newspaper Ma'ariv that he saw "no chance of success" for the talks.

"The issues are difficult," Mr. Levy said, "but we can overcome the differences and we can make progress.

"It depends on the efforts of both sides," he continued. "We very much appreciate the efforts of the United States to help us" advance the peace process. *(AFP)*

Algeria Warns Against Protests

PARIS — The Algerian Interior Ministry warned Sunday that opposition parties leading protests against alleged election fraud would face harsh legal penalties if they held more unauthorized street marches.

Organizers of unauthorized public events will expose themselves to the "rigors" of the law, said a ministry statement carried by the Algerian news agency APS.

Opposition parties said Sunday that they were suspending participation in local councils elected on Oct. 23. Thousands of opposition supporters marched in Algiers last week to complain that the elections, in which supporters of President Liamine Zeroual were the winners, were rife with fraud. Opposition sources said they were weighing whether to organize more protests in Algiers this week. *(Reuters)*

Brazilian Satellite Launch Fails

SAO PAULO — Controllers on Sunday were forced to destroy the first space rocket launched in Brazil when one of four engines failed to ignite, the authorities said, inflicting a blow to Brazil's fledgling space program.

The controllers destroyed the 20-meter rocket by remote control 65 seconds after lift-off from the Alcantara base in the northeastern state of Maranhao, Colonel Thiago da Silva Ribeiro of the Brazilian space agency said.

The rocket was to have placed a $5 million Brazilian-made satellite into orbit to collect information on the environment. The launching was originally scheduled for Oct. 26, but was delayed by problems in a land-based radar system. *(Reuters)*

Cuba Will Assist Papal Visit

HAVANA — The Roman Catholic Church in Cuba has said that the Communist government had made concessions for Pope John Paul II's visit, promising public transportation, press coverage and permission for a ship carrying pilgrims from the United States to dock in Havana.

The church also expressed hope that the Jan. 21-25 visit would lead to greater religious freedoms in Cuba. The government of Fidel Castro has actively sought the visit, hoping it will help undermine U.S. efforts to isolate the island.

"Permits will be issued for the landing in Havana of direct flights from the United States," said a church spokesman, Orlando Marquez. He added that the cruise ship Norwegian Majesty would be allowed to visit Havana.

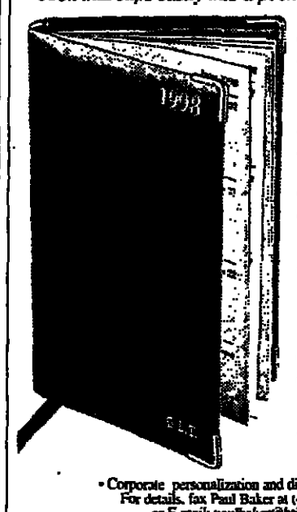
The ship is to carry about 1,000 Catholic pilgrims, many of them Cuban-Americans. *(AP)*

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INTERNATIONAL

South Africa's Navy, Lost in the Backwater, Is Looking for a Passage Out

By Donald G. McNeil Jr.
New York Times Service

ABOARD SAS JOE MASEGO, Off the Cape of Good Hope — Until a year ago, this strike craft was called the Kobie Coetsee. Mr. Coetsee, a former minister of defense, is still alive, but the South Africa that named ships after apartheid-era leaders is not.

Joe Masego, a corporal in a black South African battalion, was a minor World War II hero. Captured at the Battle of Tobruk and put on a harbor work detail, he disabled a German supply ship before escaping.

One of the Masego's sister ships was renamed the Shaka, after Africa's most redoubtable military leader, the 19th-century Zulu king. It used to be the P.W. Botha.

Of all the parts of the state struggling to remake themselves in the post-apartheid era, the South African Navy may be having the hardest time. Although South Africa sits on one of the great naval choke points of the world, the Cape of Good Hope, its navy is underequipped, underfinanced and largely unappreciated.

It is expected to patrol 1,700 miles (2,700 kilometers) of coastline and some islands near the Antarctic, waters famous for their ferocity. It also has had requests to keep an eye on 2,800 miles of undefended Namibian, Mozambican and Tanzanian coastline. To do so, it has nine strike craft built in Israel and designed to patrol the calmer waters of the Mediterranean, three 30-year-old diesel submarines, a Soviet-made icebreaker it bought in 1993 because it was cheap, a couple of other transport ships and some very old minesweepers.

Its obsolete frigates and destroyers were decommissioned years ago. It has no submarine-hunting or amphibious ships, and no aircraft carriers or jets.

It has almost no black officers. It wants them badly, but the Soviet military schools that trained black liberation movement guerrillas produced lots of infantrymen and a few pilots, but no sailors. It seeks black recruits, but it has also cut back from 15,000 personnel to 9,000 and, officers said, very few blacks volunteer for its elite units, the submariners and divers.

No major world navy keeps a fleet in these waters, which are an important fishery, said Commander Douglas Allen, a U.S. naval attaché here. "We'd like South Africa to become more engaged in the maritime sector," he said. "But historically, it's pretty inward-looking as a nation. There are not a lot of people here who realize the sea is their lifeblood."

The navy does, and manages to mention frequently that nearly 1,000 oil tankers and 30 percent of all cargo going to the United States and Europe pass the cape each year. Ninety-five percent of South Africa's own exports go by sea. If war ever closed the Suez Canal, the cape would be even more crucial.

The navy wants to spend up to $450 million for four nearly new British submarines and $310 million for four new corvettes, ocean-going ships about 400 feet long. That would let the Masego, Shaka and their sister ships, which are about half that long, be relegated to coastal duty.

Critics ask why the country needs a navy at all, when there is no imminent threat and the country desperately needs houses, clinics and jobs.

To counter them, the navy jumps at every chance to seem necessary. Its largest vessel, the Outeniqua, a cavernous polar supply ship it bought from the Soviets for a mere $10 million, was anchored near the former Zaire earlier this year so President Nelson Mandela could try to broker peace talks on board between Mobutu Sese Seko and Laurent Kabila.

Last year, navy divers worked for days to recover bodies from a crowded ferry that sank in Lake Victoria.

"And a little while ago, we had the pleasure of firing a shot across the bow of a fishing boat off Namibia," said Rear Admiral Martyn Trainor, grinning at the memory.

The waters off southern Africa and Antarctica teem with fish and krill, and huge foreign factory ships try to "vacuum up everything in their path," he said.

No other country south of Nigeria or Kenya has a navy to speak of, and South African Navy ships stop dozens of trawlers to see if they are fishing illegally or with destructive gill nets.

Slowly, the service seems to be winning its argument.

This year, Parliament approved a "force-design statement" for the military that envisioned a navy with new corvettes and submarines. Where the money would come from was left unsaid.

The change in attitude nonetheless came as a relief to Vice Admiral Robert Simpson-Anderson, chief of the navy. "We're beginning to realize that we're dependent on the sea," he said. "Ten years ago, we didn't. I hope that in my lifetime people will refer to us as a maritime nation."

U.S. Purified Nazi Gold That It Knew Was Looted, Erasing Swastikas in 1950

By David E. Sanger
New York Times Service

WASHINGTON — Of the many bizarre tales seeping from archives around the world in the Nazi gold investigations, few are as strange as this one: In 1950, the Federal Reserve Bank of New York melted down hundreds of gold bars bearing the swastika imprint and recast them with a pristine stamp bearing the words "United States Assay Office."

At the time, according to memorandums released by the Federal Reserve, the U.S. Treasury knew that much of the gold — then worth about $23 million — had been looted from the Netherlands and Belgium after those countries were invaded by Germany.

The bars, like most of the gold stolen by Germany during World War II, had been discreetly sold on world markets before May 1945 by the Swiss National Bank, with the proceeds helping to finance Hitler's faltering war effort.

But by 1950, America's main concern was rebuilding Europe, not asking too many questions about the origin of gold that moved from Swiss hands to other countries, and eventually crossed the Atlantic into the Federal Reserve's vaults deep below the streets of lower Manhattan.

Thus, at the request of National City Bank, which later became Citibank, the Treasury Department authorized the "reissue" of the gold — a polite phrase for purifying it and wiping out the German markings — so it could be used as collateral for a transaction between Spain and ITT Corp., the documents show.

"The facts seem pretty plain," said Jack Morris, spokesman for Citicorp, the parent company of Citibank, after reviewing documents that the Federal Reserve provided to researchers for Swiss television. "This all happened in an era when there wasn't as much introspection about this kind of transaction."

The documents provide a stark view of the trafficking of Nazi gold and raise some haunting questions. A report issued by the Clinton administration this year concludes that the German mint often took the gold that German troops stole from the central banks of Europe and melted it together with gold of a more gruesome variety: the tooth-fillings, wedding rings and other jewelry of death-camp victims. Germany's goal was to turn the gold lifted from the mouths and fingers of the victims into a form that could be traded on world markets, usually courtesy of the Swiss National Bank.

No one knows how widespread the practice was; the fillings and rings were certainly not part of every bar, and may have been part of only a small fraction of the mint's wartime output. But the re-smelting conducted by the United States Assay Office — an institution that no longer exists — likely wiped out all traces of what historians delicately call nonmonetary gold. In fact, the purpose of the re-smelting was to assure that any gold in the Federal Reserve Bank's vaults met the U.S. government's standard, a gold "purity" of 99.5 percent or better.

There is no evidence in the documents that the Federal Reserve or the Treasury suspected in 1950 that any portion of the gold in their possession had come from Holocaust victims. But the issue is important to modern-day diplomacy. For the last several months, the Clinton administration has been trying to persuade countries around the world to contribute a relatively small amount of gold still under the control of the Tripartite Gold Commission — set up after the war for returning gold to nations around the world — to the survivors and heirs of Holocaust victims. The fact that some portion of the Nazi gold came from Holocaust victims provides the rationale for the contribution.

The Federal Reserve's dealings with the Nazi gold began when Spain needed to put up collateral to buy a telephone system from ITT in the late 1940s, as Europe was being rebuilt under the Marshall Plan. Spain shipped $31 million in gold bullion to the Federal Reserve, gold that is worth about 10 times as much today.

Interoffice correspondence from the Federal Reserve says "some of the gold in the shipment was identified as having been part of the gold looted by the German authorities during the last war and melted and reissued as 1937 Prussian Mint bars."



Vincenzo Pinto/The Associated Press

Pope John Paul II waving from a Vatican window Sunday. He evoked the Holocaust in remarks to pilgrims.

Admit Errors Toward Jews, Vatican Panel Tells Catholics

Reuters

ROME — The Vatican said Sunday that Christians who are anti-Jewish offend God, and he told Roman Catholics to admit past errors against Jews and not repeat them.

The Roman Catholic Church's strong stand against anti-Semitism was delivered in the final statement of a symposium on the religious roots of anti-Judaism in Christianity. It followed a speech Friday by Pope John Paul II, who told the theologians that many Christinns had failed to live up to their faith when the Nazis set about exterminating Europe's Jews in the Holocaust.

Speaking in Polish to pilgrims in St. Peter's Square on Sunday — All Souls Day, when the church commemorates the dead — the 77-year-old pontiff recalled those who died "in Auschwitz and other concentration camps."

The statement Sundayon the symposium said Christians must realize that the first step on the road to conversion for past sins was to acknowledge the facts.

If Christians wanted to put the torment of the past behind them, they had to "know how to forgive and how to seek and receive forgiveness," it said.

The Pope has said several times recently that the church should use the start of the third millennium to make an "examination of conscience" and seek forgiveness for errors and sins.

The statement said the three-day symposium, which met behind closed doors, was "one step along a long road" of improving Christian-Jewish relations. Its main purpose was to prepare a dossier for the Pope, from whom Jewish groups want a major document on the Holocaust.

The symposium on "Roots of Anti-Judaism in Christian Circles" focused on religious attitudes toward Jews in Christian teaching in the past 2,000 years and how this affected history.

Both the participants and the Pope acknowledged during the symposium that "wrong interpretations" of the New Testament relating to Jews had circulated for too long and had engendered sentiments of religious hostility that fueled anti-Semitism.

INQUIRY: *Panel's Parade of Evidence Details Donations Morass*

Continued from Page 1

record that the campaign finance system is totally broken."

But the hearings failed to produce a major revelation, which limited television coverage and caused reporters to trickle away, leaving only a tiny audience to witness the investigation's most recent public sessions.

Mr. Thompson said Friday that he thought from the beginning that the committee had enough material to "pull back the curtain" on the 1996 campaign, but dismissed as "slim and none" the chances of finding evidence of high crimes committed by administration officials or Mr. Clinton himself — "scalps on the wall," as he put it.

Yet if there was an expectation of scalps, or at least drama, it was created by Mr. Thompson himself. He oversold the probe on the opening day of hearings by speaking of a Chinese government plan that is "designed to pour illegal money into American political campaigns" and that "continues today."

The committee never pursued the matter. As Mr. Thompson has explained countless times since, he was simply passing on a highly censored version of an ongoing counterespionage investigation and never intended that his words be taken as a sample of what was to come.

"I felt that the attorney general needed some encouragement," he said this weekend, noting that the counterespionage investigation has become a Justice Department criminal inquiry. "That's pretty significant to me."

Mr. Thompson's Chinese gambit, inserted atop his opening statement at the last minute, was also the sort of thing that raised questions about the hearings' orchestration. Congressional hearings often work best as public policy theater rather than courtroom give-and-take.

The Thompson hearings never had a story line and showcased few star witnesses. Instead, they jumped from episode to episode in which, through tedious questioning, often low-level witnesses were asked to point the finger at higher-ups over alleged violations of arcane election law provisions. Mr. Thompson's focus on a legalistic process also played to a White House strength. Administration lawyers proved very effective at rebutting the panel's work by reminding reporters that the administration was not breaking the law.

The mind-numbing technicalities of the system are most apparent in what for a time was the committee's most fervent line of inquiry. Tracking down fund-raising calls emanating from the White House, the panel found that Mr. Gore and perhaps even Mr. Clinton might be in violation of a 19th century law that had never been enforced but which could be interpreted to prohibit soliciting of campaign funds on government property.

FRANCE: *Truck Strike Threatens Chaos*

Continued from Page 1

maximum of 120,000 francs by the end of 2000.

The Ministry of Transport said truck-drivers earned an average of 7,735 francs last year for 250 hours of work a month. The truck drivers demanded an immediate increase to 10,000 francs a month.

While the employers want to set working hours on an annual basis in the interests of flexibility, the drivers also are insisting on a limit of 200 hours of work a month. The unions contend drivers have to spend up to 61 hours a week at the wheel, at the cost of highway safety, to make a small wage. That is more than the 48-hour maximum on working hours set by the European Union.

The drivers appeared to be following the script of a 12-day strike last year, when they won the right to retire at 55, and other actions in 1986 and 1992.

Deregulation in the industry has spawned hundreds of small companies, many of which are family owned, that are engaged in a cut-throat struggle to pay operating costs and survive. Drivers at many companies said they still were waiting to be paid the 3,000-franc bonus they were promised as part of the price of ending last year's strike, and there was little trust between the two sides as the strike pressure mounted.

Last year, the drivers managed to bring much of the country to a halt and caused widespread disruption in Europe by blockading key highway interchanges. Anticipating similar actions this week, many truck companies ordered drivers to return to their bases before the scheduled start of the strike.

In London, a spokesman for the Road Haulage Association said hundreds of British trucks were stranded in France, because of the weekend ban on commercial transport.

British truck operators said they were still waiting for France to pay compensation for the losses they suffered in last year's strike. The effects of the strike are expected to be felt across much of Europe, especially in Belgium, the Netherlands, Germany, Luxembourg, Italy, Spain and Portugal. One British supermarket chain chartered a ferry to bring its trucks back from Spain with loads of fruit and vegetables.

Last week, the European Commission, the executive body of the 15-nation European Union, urged France to keep its main highways open.

The strike is perceived in Brussels as a threat to Europe's single market, which calls for open and equal trading conditions across the Continent. A member of the European Parliament, Anne McIntosh, told Reuters that the commission should withhold French farm subsidies and use the money to compensate foreign truck companies for the losses they incur.

Doctor Gives Yeltsin Clean Bill of Health

Agence France-Presse

MOSCOW — Renat Akchurin, the Russian surgeon who carried out a successful heart bypass operation on Boris Yeltsin a year ago, gave the president a clean bill of health Sunday.

"Yeltsin's condition does not arouse any worries," said Dr. Akchurin, who has been attending an informal summit meeting between Mr. Yeltsin and Prime Minister Ryutaro Hashimoto of Japan in the Siberian city of Krasnoyarsk.

But he added that the 66-year-old Russian leader should undergo a series of medical tests to check his condition following the Nov. 5 quintuple heart bypass operation last year.

"Medical checks are a must a year after heart surgery, but the president is so busy that it's difficult to catch him and agree on a medical examination," Dr. Akchurin was quoted by the Interfax news agency as saying.

Mr. Yeltsin underwent heart surgery to cure ischemia — a blockage of the coronary arteries that restrict blood flow to the heart — after suffering three heart attacks in 15 months. Doctors attributed the deterioration in his heart condition to his refusal to reduce his workload.

In stark contrast to Mr. Yeltsin's slurred, ponderous speech before the operation, the president has been a picture of health this year.



Stefan Rousseau/The Associated Press

GET A HORSE — Contestants in the annual London-Brighton vintage car rally preparing Sunday to set off for the seaside town from Hyde Park. Nearly 450 cars, all built at least 93 years ago, took part.

IRAQ: *Baghdad's Defiance Over Inspectors Brings Angry Response From White House*

Continued from Page 1

weapons that were banned by the UN resolutions that ended the Gulf War.

In Washington, Clinton administration spokesmen and leading members of Congress showed rare unity Sunday in demanding that Iraq stand down.

"We should take whatever steps are necessary to enforce the rules," the House speaker, Newt Gingrich, said on NBC-TV. Asked if this might include military action, the Georgia Republican said, "Absolutely."

The Senate majority leader, Trent Lott of Mississippi, supported "whatever actions are necessary."

The House Democratic leader, Dick Gephardt of Missouri, said of Mr. Saddam: "The only thing that he seems to understand is action, and that's what's going to have to happen."

Two of the Americans who were barred are working with the UN Special Commission, which is responsible for overseeing the elimination of Iraq's weapons of mass destruction. The third is an employee of the International Atomic Energy Agency, which is monitoring Iraq's nuclear capability. He was ordered back to Bahrain on Thursday when the two others were barred.

The brewing crisis, in the view of many U.S. officials, is the latest attempt by Mr. Saddam to test UN resolve and exploit divisions among the Gulf War allies. Many of those countries, notably France, China and Russia, favor a greater easing of the UN restrictions on Baghdad.

On Wednesday, Baghdad said it would no longer cooperate with American members of the UN teams. Iraqi officials gave the 10 Americans on the 100-member team one week to quit the country. Vice President Taha Yassin Ramadan of Iraq said Saturday the Americans would be banned until Iraq received clear indications on when the sanctions would be lifted.

While U.S. officials were plainly angered by Mr. Saddam's behavior, most Security Council members say they want to try all reasonable means to avoid force, including possibly sending a special envoy to Baghdad.

Officials at the UN Special Commission in Baghdad, which oversees the inspection teams, declined to comment Sunday about the latest events.

Iraq claims to have destroyed its long-range missiles and biological, chemical and nuclear weapons. But the commission, which repeatedly has charged Iraq with trying to hinder efforts to unearth details about weapons programs, reported last month that Iraq was withholding information.

Baghdad denies the charges.

Respiratory Ailment Hospitalizes Havel

The Associated Press

PRAGUE — President Vaclav Havel will have to be hospitalized after four days of home treatment for aggravated bronchitis, Czech television reported Sunday.

Official reports call Mr. Havel's illness aggravated bronchitis, but Mr. Havel's wife, Dagmar Havlova, said Saturday that the 61-year-old president was suffering from pneumonia.

"The president will continue treatment in the hospital," a government spokesman, Ladislav Spacek, told Czech television, without elaborating on the president's condition.

But both Mr. Havel's wife and his doctor, Ilja Kotik, said Saturday the president was so ill that he had to spend Wednesday night in Prague's general military hospital.

Mr. Havel was diagnosed Thursday with a viral infection. He was forced to cancel his regular weekly radio address Sunday and to postpone an official visit to Britain and a ceremony to appoint three new government ministers, both due in early November.

Last December, Mr. Havel underwent surgery to remove a 15mm malignant tumor and half of his right lung. Until then, Mr. Havel had been a lifelong heavy smoker.

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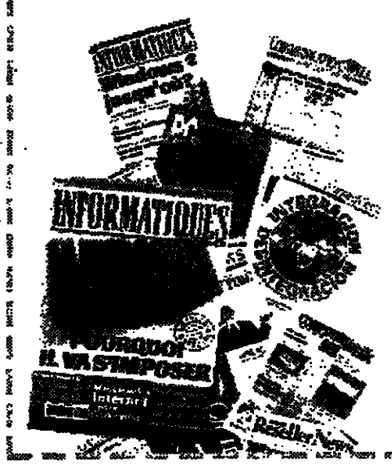
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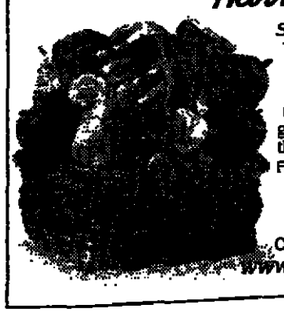
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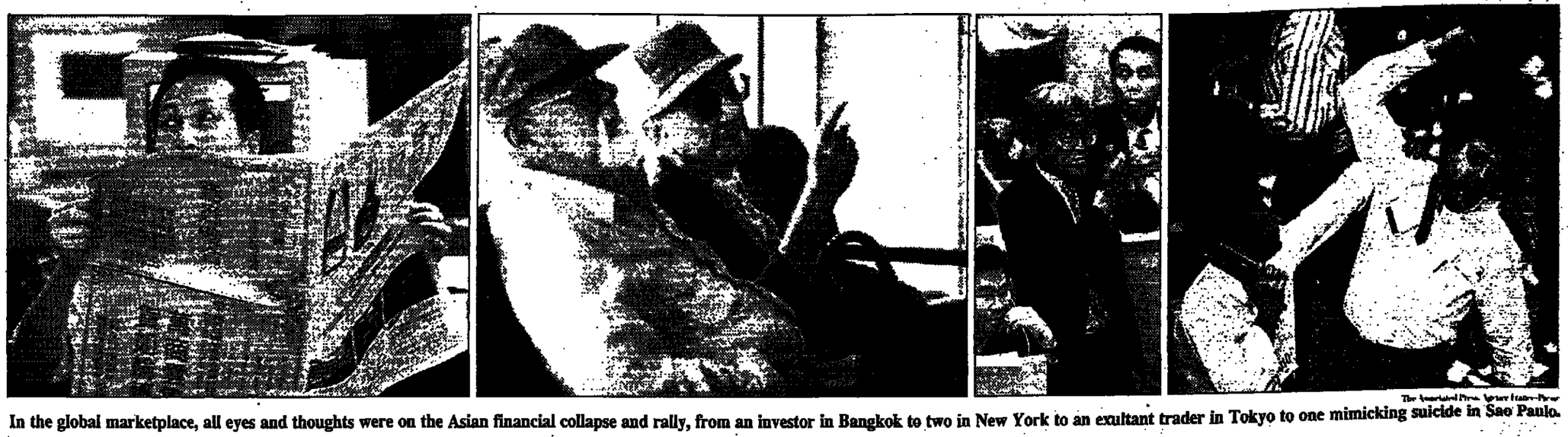
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The Associated Press, Agence France-Presse

In the global marketplace, all eyes and thoughts were on the Asian financial collapse and rally, from an investor in Bangkok to two in New York to an exultant trader in Tokyo to one mimicking suicide in Sao Paulo.

For Europe, the Crisis Comes at a Bad Time but Is Not a Major Blow

By Alan Friedman
International Herald Tribune

PARIS — The financial and stock-market crisis in East Asia is expected to have only a mild impact on European corporate profits and economic growth.

But even a small dent in the Continent's performance, as many economists note, is bad timing for Europe while it is struggling with the fiscal austerity imposed by its drive toward monetary union.

Thus, any setback, even a mild one, may not be a threat but is certainly a nuisance — one more complication for policymakers focused on preparations for the launch of the planned common currency, the euro.

Many economists agree that the net effect of reduced European exports to East Asia and increased competition from Asian manufacturers benefiting from sharply devalued currencies will probably be to knock about a quarter of a percentage point off 1998 growth in the Big Four economies of Europe — Germany, France, Britain and Italy. That translates into a fall in next year's growth expectations from an average for the four countries of around 3 percent to around 2.75 percent, which analysts say is not a disaster.

Likewise, with European exports to the most troubled countries — Thailand, Malaysia, Indonesia, the Philippines and South Korea — accounting for less than 10 percent of total exports, the impact is likely to be a reduction of less than 5 percent in European corporate profits on average. The main exceptions — companies that will probably suffer more than others — are European makers of luxury goods as well as major contractors that have had big Southeast Asian projects canceled.

The real problem is that against the backdrop of the single-currency project, European governments have little room to be distracted by such external problems as the effects of the Asian crisis, however minimal. They need to nurture and sustain Europe's economic recovery, which is still at an early stage, economists say.

The Europeans need stronger growth for two reasons — to keep unemployment from rising even higher than its 11 percent European average and to sustain tax revenue to keep budget deficits at or below the level of 3 percent of gross domestic product level mandated by the Maastricht treaty.

For Europe to begin creating jobs, economists agree, growth will have to stay at a level of 3 percent or more for at least two or three years. Given Europe's generally anemic growth rate, even in times of recovery, this seems unlikely. If growth were dented by a quarter of a percentage point, Europe's economies would probably have to run just to stand still on the unemployment front.

Despite these factors, many European officials and economists remain unworried by the overall impact of the Asian crisis.

"Our fundamentals remain good, with low inflation, favorable interest rates and business confidence," said Yves-Thibault de Silguy, the European economics commissioner. In an interview, he said European economies were not seriously exposed to Asia because Europe's exports to Asia represented just 2 percent of its gross domestic product.

In Munich, Martin Huefner, chief economist of Bayerische Vereinsbank, said: "I think the real consequences of the Asian situation on Europe are exaggerated. Asia is not collapsing; it remains a growth center of the world. And European exports to the region are small."

In London, Guenther Thumann, an economist at Salomon Brothers, said the effects of the Asian crisis on Europe "are going to be visible, but I wouldn't call them serious."

He was among the several economists forecasting a drop of one-quarter of a percentage point in 1998 growth rates as a result of Asia's woes.

Mr. Thumann also said the roller-coaster in equity markets triggered by the Asian crisis and Wall Street's vicissitudes should mean that the Bundesbank was less likely to raise interest rates again this year. Other economists, however, said the most recent Bundesbank increase in short-term interest rates, from 3 percent to 3.3 percent, was less related to real economic factors than it was a part of an attempt to bring German and some other Continental rates into line with higher levels in some other single-currency candidate countries.

Andy Scott, director of international affairs at the Confederation of British Industry, conceded that there would be "inevitable impacts on British business." But he added that "from the manufacturing point of view, these are still attractive markets and not ones you go in and out of on a whim."

As a result, he said, many British companies "are looking at the long term and are prepared to weather some ups and downs."

These ups and downs could have implications for Europe's trade not only in the most troubled parts of East Asia but also in Japan and South Korea, which are experiencing severe domestic economic problems.

"A slowdown in Asian import demand is going to have an effect on continental Europe, whose primary motor is exports," said Paul Horne, chief international economist at the Paris office of Smith Barney. Mr. Horne said consumer confidence in France and Germany remained "soggy" and said this was why any drop in demand from Asian buyers of European goods was a problem.

Andrew Freris, managing director at Bank of America's Hong Kong office, predicted that as another side effect, "There will be more complaints against cheap labor, child labor and unfair trade practices in Asia because Asian currencies are now so devalued that these countries will become more aggressive competitors on the world stage."

ASIANS: *In the Debris, Uncertainty Rules*

Continued from Page 1

and income, high levels of external debt and relatively low foreign exchange reserves.

That is why Thailand, the Philippines and Indonesia have had to turn to the International Monetary Fund for standby loans.

Analysts said that a worsening banking crisis, underlined by the closure over the weekend of 16 banks in Indonesia, threatened to further undermine confidence and growth in the region.

Robert Zielinski, regional banking analyst at Jardine Fleming Securities Ltd., estimated that the total of bad loans in Southeast Asian banks would peak in 1998 at $73 billion, accounting for 14.7 percent of total loans outstanding.

That is equal to 13.3 percent of the combined gross domestic product of Thailand, Indonesia, Malaysia, the Philippines and Singapore, he said, "making this crisis relatively bigger than either those in Japan and the U.S. or previous banking crises in Southeast Asia." Gross domestic product is the total value of goods and services produced by an economy or group of economies, excluding income from foreign investment.

Mr. Zielinski said that the underlying causes of the problems in Southeast Asia's banking industry were excessive credit growth, a high dependence on foreign capital inflow, overexposure to property and stock markets, weakening export competitiveness and ill-conceived investment.

"Past crises were triggered by external factors related to the world economy and commodity prices," he said. "This time, the crisis is internally generated and therefore will be more expensive and harder to solve."

Simon Ogus, head of Asian economics in the Hong Kong office of SBC Warburg Dillon Read Securities, said that much of Southeast Asia faced a prolonged economic slump and that recovery would take two or three years.

In the meantime, he said, average annual growth of the region's major economies plus India would sag to 4.7 percent in 1998 and 5.7 percent in 1999 from 6.6 percent this year, after adjustment for inflation.

One bright spot in the SBC Warburg Dillon Read forecast is that China — the second-largest economy in Asia, after Japan — will continue to grow rapidly: at 9 percent in 1997, at 7 percent in 1998 and at 8.5 percent in 1999.

Mr. Ogus said that Thailand's once high-flying but now stalling economy, hit by a major property glut and widespread loan losses among finance companies and banks, would contract to 1 percent in 1998 and manage to creep back to only 2 percent growth in 1999.

He said that other badly affected Southeast Asian countries — Indonesia, Malaysia and the Philippines — would see annual growth slow from between 5 percent and 8 percent in the last couple of years to between 1.5 percent and 4 percent in 1998 and 1999.

Mr. Ogus also said that the tremors from Southeast Asia's economic earthquake, in the form of diminished trade, investment and business confidence and greater bank-loan losses, would help knock more than a percentage point off growth in Hong Kong, Taiwan and South Korea in 1998 and 1999.

Economists and bankers generally agree that South Korea, reeling from a wave of corporate bankruptcies and strains in the banking system, is the northeastern Asia economy most vulnerable to contagion from the southeast.

"The Korean economy is extremely unstable," said Desmond Supple, head of Asian currency research at BZW Securities. "Credit risk is now the central story in the region, and Korea is among the worst stories."

Debt owed by Korean companies to foreign banks rose 40 percent to $100 billion in the 18 months to the end of 1996. Two-thirds of it is due to be repaid in less than a year.

Still, other economists and bankers say they remain optimistic that East Asian countries can recover from such problems, as they have in the past.

Goldman Sachs's economic research group in Hong Kong said in a recent report that East Asia, excluding Japan, is capable of growing at 7.25 percent annually in the next 10 years, even though growth will drop in some countries in 1998.

Although the predicted regional growth rate is lower than the 8.25 percent of the last decade, it would be well above the average for industrialized nations.

"The factors that have sparked above-average increases in GDP in Asia for the last 20 years did not disappear" in the recent financial turmoil, said Don Hanna, a Goldman Sachs regional economist. "Open economies, high savings and flexible markets still characterize the region."

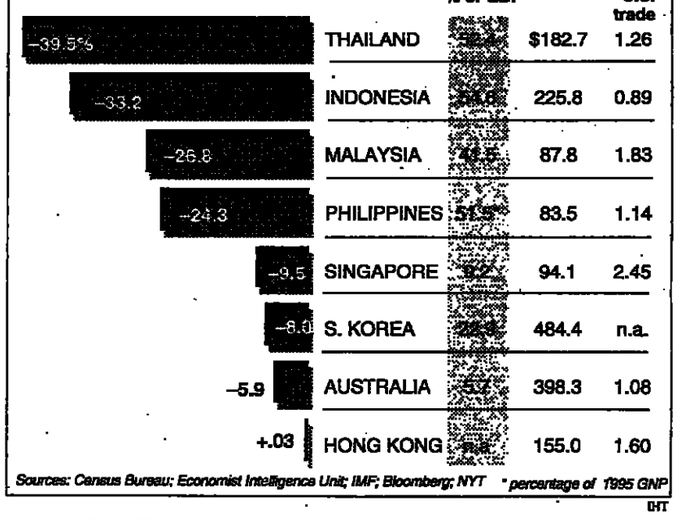
Peter Hames, a director of Aberdeen Asset Management Asia Ltd., said that he also thought the region "can, and indeed will, emerge fitter and stronger from its current problems — provided deregulation is speeded up, banks tighten their risk controls, excesses are corrected and companies start focusing more on shareholder returns."

Mr. Roche of Independent Strategy said that he was confident East Asia would return to high growth track if made more efficient use of capital.

"Governments must also run budget surpluses, have a tight monetary policy, clean up the financial system and regulate it properly and free up all domestic monopolies," Mr. Roche said. "It means an awful lot of vested interests are going to lose. But if the governments don't do it, this region will fade from global radar screens very quickly."

Paper Tigers?

Mounting financial and currency problems in several Southeast Asian countries set off a string of events that led to a broad sell-off in American markets. Southeast Asia, while among the fastest growing regions anywhere, still accounts for only a small fraction of total U.S. trade and economic activity. (Figures in billions)



Sources: Census Bureau; Economist Intelligence Unit; IMF; Bloomberg; NYT * percentage of 1995 GNP

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Hong Kong: So Far, Dealing From Strength

HONG KONG — Although it has not been spared in Asia's currency crisis, Hong Kong still has far stronger economic fundamentals than the hardest-hit countries of Southeast Asia. It runs a trade surplus, for example, and is sitting on $88 billion in foreign reserves.

Still, if local depositors were to lose confidence in their currency, the $200 billion now mostly locked up in Hong Kong dollar deposits could easily find its way into foreign currency or out of the territory altogether. The Basic Law, Hong Kong's constitution, mandates no capital controls.

Are people sending their money abroad? Only Hong Kong's Monetary Authority knows, and it says it will not disclose figures until December. If these tell of a run on the currency, speculators against the Hong Kong dollar may be back, sensing weakness.

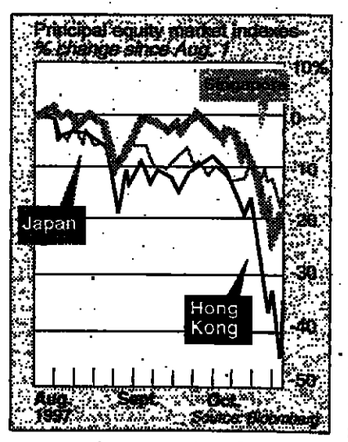
Hong Kong also stands out from the rest of Asia in the way that it has chosen to become more competitive. As the holder of the last major currency in the region with an essentially fixed rate of exchange — its dollar is allowed to fluctuate only slightly from a central rate of 7.80 to the U.S. dollar — it has chosen to get the price of real estate in the territory down by raising interest rates.

This makes it expensive to speculate against the Hong Kong dollar, and it pummels land prices — which nevertheless remain among the highest in the world. The potential cost to Hong Kong is a brutal recession if its battle with currency speculators is not resolved in the next few months.

By keeping interest rates far above the levels at which banks now lend, the government has effectively halted the property market. That has hammered the stock market, where some 70 percent of companies rely at least in part on real-estate earnings.

The other choices — to let the currency peg go or to try to reset the Hong Kong dollar's value at a weaker level — would go against dozens of promises made by the government that the peg to the U.S. dollar will stay just as it is.

— PHILIP SEGAL



South Korea: One Big Problem After Another

SEOUL — For South Korea, the turmoil rocking Asian stock markets and currencies, including its own, has come at one of the worst possible times.

Its financial sector already was weighed down by a mountain of unrecoverable debts after a spate of billion-dollar corporate bankruptcies.

Most of the conglomerates that dominate the economy were heavily indebted after borrowing to fund expansion plans drawn up at a time of stronger growth. And the government of President Kim Young Sam, mired in corruption scandals, has not turned the economy around or pushed forward with much-needed deregulation.

Worse, the sharp declines in share prices across Asia have hit consumer spending in some of South Korea's most important markets. The accompanying collapse in South Korea share prices — they are at five-year lows — has hit consumer sentiment and spending at home as well.

Earlier in this decade, South Korea, the world's 11th-largest economy, was growing at about 9 percent a year. This year, by contrast, the government has forecast economic growth of just over 6 percent, and some private economists expect less than 5 percent.

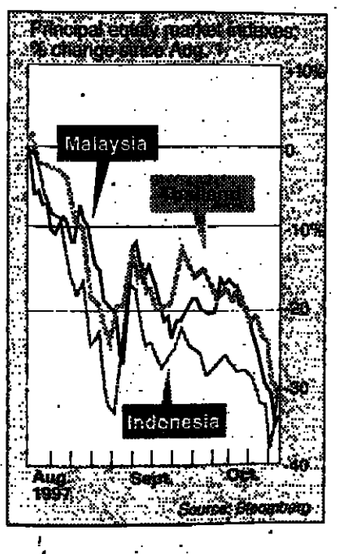
All the same, South Korea's economy is fundamentally far stronger than those of Thailand and Indonesia, and analysts predict it will recover more quickly quicker than those of most Southeast Asian nations.

Compared with their counterparts in Southeast Asia, Korean banks have a low foreign-exchange risk, less than 13 percent of their funding comes from overseas, and their exposure to the volatile real-estate sector is limited. This makes an imminent collapse of the South Korean banking sector unlikely, analysts say.

Furthermore, the fall in the South Korean won to a record low against the dollar has helped many manufacturers by making their goods more competitive. The won has fallen nearly 15 percent since the start of the year and is helping South Korea narrow its trade deficit.

Still, some economists said that until the financial turmoil subsided, neither Seoul's flagging stock market nor the won was likely to rebound much.

— VELISARIOS KATTOULAS



Japan: Indirect Hits Hurt Too

TOKYO — Among East Asian economies, none will suffer as small a direct hit as Japan from the currency and stock market turmoil that has shaken the region since July.

Japan, the world's second-largest economy, accounts for about three-quarters of gross domestic product in East Asia, excluding China. With a population of some 125 million people, Japan boasts a large and affluent domestic market.

Nonetheless, Japan's domestic economy is weak, and some analysts have warned that the fallout from the continuing crisis could be the straw that breaks the camel's back. Southeast Asia is both a big market for Japanese exports and home to scores of factories owned by Japanese.

Japan's economy has taken longer than expected to rebound from the collapse of a speculative bubble in the early 1990s. It appeared to be back on track last year, but policymakers raised taxes in April. That hit domestic demand hard and sent the economy back into the gray zone between recovery and recession.

Tokyo stocks are at two-year lows, and the yen has settled at a rate 50 percent below its highs against the dollar reached in 1995.

For now, only strong exports, Japan's perennial bright spot, are preventing another recession. The yen's weakness against the dollar has made Japanese goods more competitive overseas again and sent the trade surplus soaring.

Some analysts worry, however, that the regional turmoil will undermine consumer confidence worldwide. That, the analysts say, could hurt Japan's exports not only to Southeast Asia but also to its biggest export market, the United States. If that happens, a small but vocal minority of analysts insists, Japan could suffer its second recession in less than five years.

By contrast, many economists forecast a rebound in Japanese consumer spending by the end of this year and economic growth in Japan of around 2 percent next year, compared with around 1 percent this year.

But until it becomes more apparent how badly and where Southeast Asia's turmoil will dent Japan's economy, share prices and the yen are likely to remain weak.

— VELISARIOS KATTOULAS

Singapore: The Blow Softened

SINGAPORE — By most conventional measures, Singapore is a model economy, with almost none of the policy flaws that led to the recent plunges in the values of regional currencies and stocks.

The island state has been piling up budget surpluses year after year. Its current-account surplus in the 12 months to June amounted to $15.5 billion, while its foreign-exchange reserves, including gold, stood at nearly $81 billion.

Singapore has invested heavily in education and training to take full advantage of technology to drive its economy forward. Its markets are almost completely open to foreign competition, and most of the few sectors that remain partly closed, such as telecommunications, are being liberalized.

Foreign investors praise the government as uncorrupted, efficient and consistently pro-business, and investment continues to pour in.

Yet Singapore's stock market and currency also have been hit by the region's financial turmoil, though not nearly as hard as Thailand, Indonesia, the Philippines and Malaysia.

So far this year, the Stock Exchange of Singapore's main index has fallen by more than 25 percent as confidence has evaporated and foreign and local investors have pulled out.

Even the normally strong Singapore dollar has lost about 11 percent against the U.S. dollar, although it has made large gains against regional currencies.

"Being located at the crossroads of Southeast Asia, it would be almost impossible for Singapore not to be affected by the developments in the rest of the region, particularly those in immediate neighboring countries like Indonesia and Malaysia," said Sanjoy Chowdhury, managing director of Fraser-AMMB Research Pte., a unit of Malaysia's AMMB financial-services group.

More than 50 percent of Singapore's total merchandise exports in 1996 went to seven Asian economies, with Malaysia and Thailand together accounting for about a quarter of the total.

But Ong Sin Beng, an economist in the Singapore office of J.P. Morgan, said that the industrial sector was "relatively insulated" from regional demand because most of its output was destined for North America, Europe and Japan.

Although there are weak spots in the economy — for example, the property market and the retail sector — many economists expect Singapore's gross domestic product to increase in 1997.

Mr. Chowdhury said that in 1998, the "likely scenario" is for growth to slip, "on the assumption that most of Southeast Asia will enter an economic slowdown during the next six to 12 months."

— MICHAEL RICHARDSON

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Asia's Financial Turmoil / *The View From Wall Street*

Wall Street: Too Healthy Right Now to Succumb to a Case of 'Asian Flu'

By Mitchell Martin
International Herald Tribune

NEW YORK — It can't happen here, they're saying. Not with this kind of an economy, at least.

After reacting violently to, and in sympathy with, tumbling Asian stock markets, investors in the U.S. market rethought their fears and decided there was not really much to worry about.

The reason is that the American economy is either good or great, depending on whom you ask. Even the usually cautious Alan Greenspan, chairman of the Federal Reserve Board, last week characterized economic growth as "robust" and inflation as "low." Subsequently, the government reported that third-quarter growth was faster than had been expected, with the economy showing a 3.5 percent expansion with nearly undetectable inflation.

So after a tumultuous week that saw the Dow Jones industrial average post its largest daily point loss — followed by its largest daily point gain — the U.S. financial markets ended up pretty much where they had begun: with stocks that were highly valued by historical measures and with downward pressure on interest rates that pushed up bond prices. The pressure on the Hong Kong stock and currency markets was seen as temporary and unlikely to affect the world economy, or that of the United States.

Besides, "there is not an economic problem in Hong Kong," said Henry Gooss, managing director of global asset management at Chase Manhattan Bank. The Hong Kong stock market fell because of short-term pressure on its currency, and that reflected already-disclosed economic weaknesses elsewhere in Southeast Asia.

Those problems, "as they now stand and as we understand them," said Lawrence Kreicher, chief economist and director of global bond research at Alliance Capital Management L.P., "are going to have very little impact on the global economy."

Several Wall Street analysts estimated that the loss of wealth in Southeast Asia would knock about half a percentage point off U.S. economic growth next year, but that would leave growth of about 2 percent to 2.75 percent, a comfortable pace for a developed economy that has been expanding for nearly seven years.

Stockholders, however, were not entirely unscathed by last week's events. The Dow industrials, at 7,442.08, have fallen nearly 10 percent from their Aug. 6 record of 8,259.31. Investors who went for blue-chips this year have showed some of the smallest gains — 15 percent as measured by the Dow, compared with 23 percent for the 500 big companies in the Standard & Poor's 500 index and a similar advance in the Nasdaq composite index.

Still, when measured in dollars, American investors have done pretty well this year by keeping their money on Wall Street. Even the Dow's return is high by historical standards, which have seen large-company U.S. stocks grow by an annual average of about 11 percent.

After their currency devaluations, many Asian markets provided double-digit losses for dollar-based investors, who would have seen more than half of their money disappear if they had begun the year by investing in typical Thai and Malaysian issues.

Even such well-performing markets as Britain, Germany and the Netherlands have produced dollar-based returns below those of the S&P 500, with only the main indexes in Switzerland and Italy doing better.

Aggressive investors have seen good profits this year in such markets as Brazil and Mexico, and stockholders in Russia have doubled and even tripled their money. But, as was seen last week, those markets are tremendously volatile and their countries' economies not as resilient as that of the United States.

While the market is braced for further volatility this week, the consensus view is that the worst has passed and that Wall Street has overreacted to what is being called the "Asian flu." On Tuesday, as the Dow recovered more than half of what it lost the previous day, New York resumed its traditional role as the market that sets the sentiment for other exchanges rather than following the lead of sneezes and chills elsewhere, according to Mike Gerding, portfolio manager for the Founders Worldwide Growth and Passport mutual funds based in Denver.

Mr. Gooss of Chase said one reason American stocks were commanding high prices relative to corporate earnings, dividends and asset values was that investors were willing to pay premiums for the stable earnings of U.S. companies.

With a favorable economic outlook supporting Wall Street, investors who can identify the best companies should be able to look forward to further gains.

United States: Worrying About Regional Stability

By Brian Knowlton
International Herald Tribune

WASHINGTON — The Southeast Asian turmoil will create benefits for U.S. consumers and opportunities for savvy investors, but it raises stark concerns about political stability in the region, the speed of a Japanese recovery and the pace of Chinese reform, analysts have said.

There should be some easing of prices, especially on low-end electronics, reducing U.S. inflationary pressures, the analysts said. Earnings of some companies with extensive Asian presences will suffer, they said, but American banks are not deeply involved there.

"Cheaper Asian currencies may marginally help hold down U.S. prices and inflation," said Jonathan Aronson, director of the School of International Relations at the University of Southern California. "Nobody on Main Street will be able to identify the reason for this, however."

Adam Posen, an economist with the Institute for International Economics, in Washington, agreed: "On balance, the effects are going to be relatively small. All those countries together make up just 10 percent of U.S. trade. We get a benefit because all the intermediate goods we buy, like computer chips, become cheaper. But whether lower prices will be passed on to consumers is hard to say, especially with today's low inflation." But Geoffrey Fager of the Institute of International Finance said he did expect noticeably lower prices. For the consumer, said Mr. Fager, who heads the institute's Asia department, "I can't see where it's negative."

Jeffrey E. Garten, dean of the Yale School of Management, argues that if the downward pressure on prices goes too far, it could end up being a negative.

"Americans will see cheaper-priced imports, 20 to 30 percent lower, mirroring the depreciating currencies," he said. "That would have a real dampening effect for the tendency toward inflation.

"But the closer we get to zero inflation, the more we get into very dangerous territory in which we can dip into deflation. We can win this war on inflation a little too decisively. Slower growth, depreciating currencies — that is not a place where we want to go."

And longer-term worries lurk, he and others said, as the economies of two hugely important U.S. trading partners, China and Japan, are affected.

"All signs point to fairly substantial slowing of economic growth in Southeast Asia, perhaps by a third from earlier projections of 6 to 8 percent growth, and delays or cancellation of a lot of big capital-intensive projects," Mr. Garten said. "I would not rule out a spillover in China."

He said that Chinese economic policymakers desperately need to "get out from under the burden of insolvent and inefficient state-owned companies" but that the capital they will need to do so will be harder to come by because of the weakening of the Hong Kong markets.

"A monkey wrench has been put into the wheels of reform," he said.

James Clad, professor of Southeast Asian studies at Georgetown University, expressed similar concerns. "I think there is a very real risk some of this is going to start hitting China," he said. Mr. Clad pointed to heavy overbuilding in China and thus "a tremendous extension of banking loans to the property sector."

Mr. Fager, however, said he thought the concerns about China were "a bit overblown."

He said: "If China takes the right steps toward fixing its public-enterprise sector, the finance will follow. I don't believe changes in market conditions from year to year will alter their reform plans."

Mr. Garten also warned of dimmer hopes for Japanese recovery.

"With public spending not forthcoming," he said, "and the government seeming to have ruled out tax increases, the only thing Japan had left was exports, and the bulk of those were going to Southeast Asia."

Several analysts raised concerns about Southeast Asia's political stability.

Mr. Garten said that necessary reforms and adjustments could heighten tensions. He predicted a "significant rise in political tension in Thailand, Malaysia, Indonesia — and China."

Mr. Clad said the recent upheavals in the area were already having a "devastating" impact. "The prospect of serious manifestations of urban anger and distress is very real," he said.

Mr. Garten said he expected big direct investors to see some drops in earnings but said he expected them to stay in the region because "they're there for the long run." Some might even transfer more production to Asia to take advantage of exchange rates, he said.

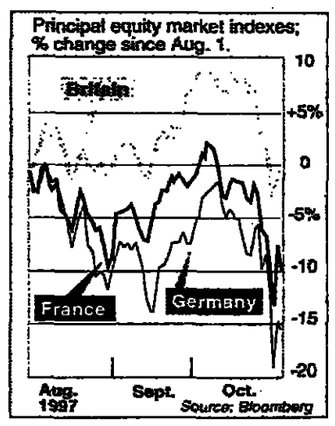
Some medium-sized American companies that had come expecting the Asian economic miracle to last, he said, "are going to say, 'Hey, we made a mistake. The boat has sprung a leak.'"

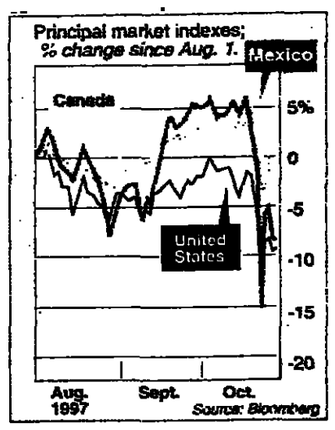
Big mutual-fund investors in Asia will become more cynical and quicker on their feet, analysts said.

"While the big funds are forced to increase global exposure," Mr. Garten said, "they'll be quicker to move funds in response to political factors."

Mr. Clad said the United States had been wrong not to take part in setting up a stability fund for Malaysia, but he said he believed the lesson had been learned.

"We are going to be around next time, and that is good news," he said. "It is good news both for the added element of business confidence and because, politically, it will help end the misapprehension that the U.S. is in retreat or not terribly interested in the region."





Thailand: Has It All Sunk In?

BANGKOK — In the Southeast Asian financial crisis, Thailand is the place where it all began — but analysts worry that the government has not yet recognized the severity of its situation.

"They keep astounding me," an analyst at an international brokerage said. "I thought the government would muddle through, making the needed reforms." But the government has still not got a grip on the economy, in the assessment of this analyst and others.

After a decade of rapid economic growth, Thailand floated the baht July 2, sparking a currency crisis that turned into a rout of markets worldwide.

The Thai government's response has sidelined investors and frightened foreign creditors. Thai companies owe creditors abroad an estimated $91.6 billion, about $20 billion of which is up for renewal by the end of the year.

"Once creditors lose confidence in an economy, and I believe that is the case with Thailand, it is important that elements of certainty be acquired," said David Proctor, the Thailand country manager at Bank of America and president of the Foreign Bankers' Association. But Thailand has had four finance ministers and two permanent secretaries of finance in the past 12 months.

"With political uncertainty like changes at the finance minister level, it is impossible for creditors to get enough details to make decisions," Mr. Proctor said. He added that without quick passage of finance-sector reforms, enhanced transparency of the financial system to its participants and reduced political interference, Thailand would not regain creditors' confidence.

"There is increasing anxiety that the situation is continuing to worsen," he said.

But not everyone is a pessimist. Andrew Freris, managing director of Bank of America's global capital-markets group, predicted that Thailand's speedy rebound would catch people by surprise.

"Call it Jane Fonda economics: no pain, no gain," Mr. Freris said. As the owner of the hardest-hit currency in Asia, Thailand now has a two-year window of opportunity to exploit an undervalued baht as a competitive advantage, he said.

"It is a good thing for Thailand that international lenders have memories shorter than pussycats," he added.

— THOMAS CRAMPTON

Malaysia: No Visible Slowdown

KUALA LUMPUR — When Malaysia's financial markets began taking daily bearings several weeks ago, international publications called photographers here for pictures of idled construction sites and failed companies. The stock market's plunge had wiped out more than $100 billion in wealth, built up over the past few years, and the publications needed to illustrate the gloom.

But editors had to settle instead for pictures of frantic traders. Despite months of financial-market turmoil, there was — and still is — scant visual evidence of a national economic crisis in Malaysia. Department stores are full of shoppers, and newspapers are filled with job offers. The crisis has yet to reach what many call the "real" economy. In contrast to neighboring Thailand, where dozens of finance companies have been shuttered and several large companies have missed international debt payments, in Malaysia the evidence of economic crisis — apart from market indexes and currency rates — is elusive.

"The level of discussion about the impact on the real economy is still in the numbers," said Zainal Aznam Yusof, director of the Institute of Strategic and International Studies in Kuala Lumpur.

The numbers, so far, basically indicate only a slight economic downturn: Applications for investment in the manufacturing sector were down in the first seven months of the year, fewer people have registered cars in recent months, and analysts predict that credit growth will slow significantly. Overall, however, the government expects the economy to grow 7 percent next year.

"At the moment, because we've seen a severe downturn in the stock market but we haven't seen any economic downturn at this stage, people are still sitting fairly comfortably here," said Robert Coombe, executive director of Commerce Asset Fund Managers in Kuala Lumpur. "But this time next year, I'm not sure we'll be in the same situation."

Even after Malaysia comes to terms with the scope of the economic downturn, its road to recovery will wind through territory it does not control.

"Even if the ringgit improves and the Malaysian economy recovers," said Mohamed Ariff, executive director of the Malaysian Institute of Economic Research, "if the neighboring countries do not, it could depress the state of affairs in Malaysia." With this in mind, the government has contributed $1 billion to bailout efforts in Thailand and Indonesia. — THOMAS FULLER

Philippines: Much Uncertainty

Although the peso has fallen and Manila stocks have plunged, sluggish liberalization and modest growth may yet allow the Philippines to avert financial disaster, analysts and economists say.

Nonetheless, they add, the Southeast Asian economic turmoil will compound uncertainties still to be generated by elections and the El Nino weather pattern.

Drought resulting from El Nino is expected to shrink this year's agricultural output, which accounts for about 20 percent of the country's economic output.

"The economy was just starting to take off," said Alvin Tan, an analyst in Manila for ABN AMRO Hoare Govett Asia. "It is a shame this regional crisis and El Nino had to hit now."

But economic problems are nothing new in the Philippines.

The country went through an economic collapse in the early 1990s with a balance-of-payments crisis that stifled expansion for several years.

In the last three years, the economy has picked up, peaking last year at 5.7 percent growth, which is modest when compared with the red-hot pace of growth over the last decade in Malaysia and Thailand.

A severe slowdown in incoming money — due to investor fear of the region or political turmoil — risks worsening the Philippines' already bleak balance of payments.

The country had been running a current-account deficit at 4 to 5 percent of gross domestic product, which was sustained by foreign direct investment and the rising levels of Philippine stocks. In the year to date, however, portfolio investment has plummeted and many suspect foreign investment has done the same.

Fortunately, the fallen peso has raised the value of remittances by overseas workers, an important contributor to the economy that was equivalent to 5 percent of gross domestic product last year.

Politics, many warn, will add another dimension to economic instability.

"Just about everyone is running for president right now," an economist in Manila said.

At last count, 10 people were vying to replace President Fidel Ramos in the May 11 election. Joseph Estrada, an action film star and the current vice president, is the front-runner.

Popular among rural voters, Mr. Estrada has admitted that economic management is not his strong suit.

— THOMAS CRAMPTON







The Associated Press, Agence France-Presse

Activity on the Hong Kong Stock Exchange, top left, sparks buying and selling around the globe, from Wall Street, top right, to Frankfurt.

Indonesia: Stagflation Ahead

While Indonesia, with help from the International Monetary Fund, has managed to line up foreign standby loans amounting to at least $38 billion to stabilize its currency, the price is likely to be sharply slower economic growth and higher inflation over the next few years.

In exchange for the emergency funding package announced Friday, Jakarta must impose politically sensitive austerity measures to cut spending and raise revenue, economists said Sunday.

Rizal Ramli, director of the Econit Advisory Group of consultants in Jakarta, said that Indonesia — the world's fourth most populous nation — was entering a period of stagflation, marked by low growth and high inflation. This, he said, could lead to increased social and political unrest ahead of Indonesia's presidential election and the formation of a new cabinet in March.

Even before the IMF-brokered deal was announced, many analysts were forecasting that the 35 percent fall in the value of the rupiah against the U.S. dollar so far this year would put a sharp brake on Indonesia's growth.

"Substantial fiscal and monetary tightening will be required to ensure currency and, ultimately, macroeconomic stability," UBS Securities (Singapore) Pte., a unit of Switzerland's UBS financial services group, wrote in a recent report on Indonesia.

Finance Minister Mar'ie Muhammad conceded Friday that economic growth in Indonesia — which has averaged more than 7 percent in recent years — would fall in the next two years. He did not say by how much, but he predicted that growth would rise again to around 7 percent at the end of the decade.

Mr. Mar'ie said the aim of the stabilization program was to keep inflation, now at around 6.5 percent, according to official figures, in single digits.

Many economists, however, expect growth in Indonesia to drop below 5 percent next year and inflation to rise to well over 10 percent.

— MICHAEL RICHARDSON

Taiwan: Waiting on the Yen

Like Hong Kong, Taiwan is sitting on massive foreign exchange reserves: more than $90 billion for just 21 million people.

But by comparison with Hong Kong, Taiwan has taken a conventional approach to remaining competitive: It has allowed its dollar to fall gradually in recent weeks, hoping not to lose all its export competitiveness to other Asian countries that have seen their currencies fall more sharply.

So far, Taiwan's market, one of the best performers in Asia, has been spared the sell-off seen in Hong Kong. For the Taiwan dollar, the future depends heavily on the dollar-yen exchange rate, because a weak yen also tends to drive down the value of the South Korean won. Because South Korea and Taiwan export many of the same products, such as electronic goods, a weak won then puts pressure on the Taiwan dollar.

A much lower Taiwan dollar also could eventually pressure China's yuan, given China's reliance on direct investment from Taiwan companies.

As for the Taiwan stock market, all bets have to take into account the island's uneven relationship with China. Taiwan has not faced this year the kind of political tension that was caused by missile tests off the island in 1996 during Taiwan's presidential elections.

For now, China's approach is to try to persuade Taiwan to rejoin the mainland. Beijing's leaders have said, though, that Taiwan will come back into the fold — by force if necessary.

Taiwan has sometimes expressed a desire to turn itself into more of a regional financial center to compete with Hong Kong as an alternative, lower-cost gateway to China.

A prolonged battle in Hong Kong to save the pegged currency, or a failure by Hong Kong to wring its high prices out of the system, could give Taiwan the competitive opening it needs.

— PHILIP SEGAL

China: Too Strong a Yuan

As the currencies of developing and newly industrialized countries across East Asia came tumbling down in recent months, one remained immovable: the Chinese yuan.

It was so immovable, in fact, that some Chinese officials expressed concern that unless Beijing decided to devalue as well, the country's exports would face severe competition from Thailand, Indonesia, South Korea, the Philippines and Malaysia, whose products have become cheaper by as much as 50 percent.

"The devaluation of regional currencies will greatly affect our exports," said Ma Yu, a researcher at the Institute of International Economics under China's Foreign Trade Ministry, according to a Bloomberg News report from Beijing. "We'll also see a reduction in foreign investment flows into China."

At stake is China's ability to keep its economy growing fast enough to provide jobs for the millions likely to be thrown out of work as the government closes unprofitable companies owned by the state.

China's annual growth rate of 9.5 percent after inflation in the first three quarters of 1997 becomes a less impressive 5.1 percent when external demand is stripped out, according to foreign economists.

Growth in China, Asia's second-largest economy after Japan, has been buttressed by a stunning export performance. Exports in the first nine months of 1997 were up nearly 24 percent, yielding a trade surplus of $30.6 billion.

But William Ooi, an economist in the Hong Kong office of J.P. Morgan, said China's export momentum would be increasingly difficult to sustain, especially because demand from the country's major industrialized partners — the United States, Europe and Japan — was likely to moderate.

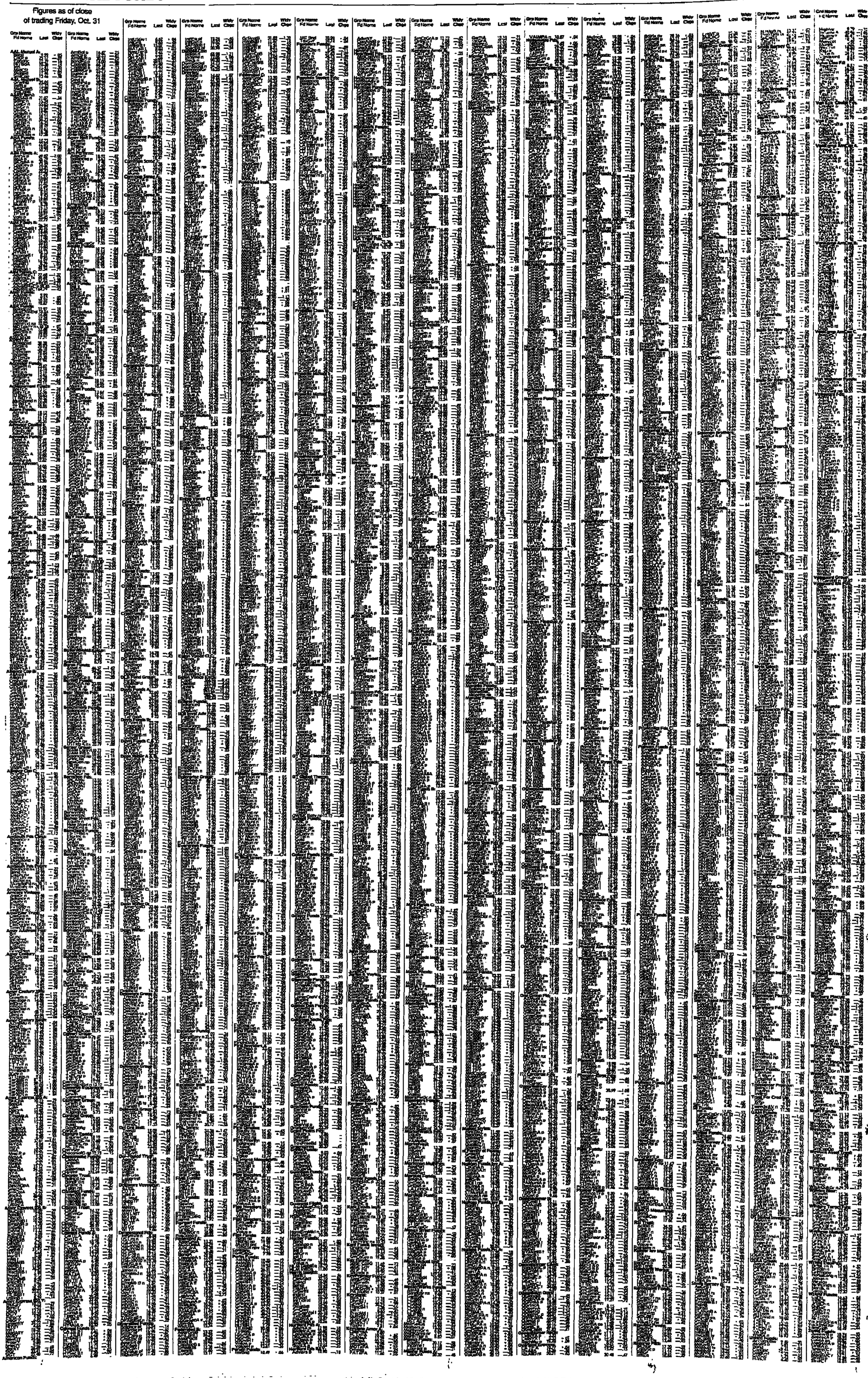
"Besides, further gains in China's trade surplus would be poorly received by the rest of the world, especially gains in the huge gap with the U.S.," he said.

Beijing's policymakers are in a bind. China's central bank maintains the yuan's exchange rate within a narrow range of just under 8.30 to the dollar. But because it is convertible only for trade and for profit transfers, the yuan is not exposed to the kind of massive flows of capital that have sent currencies elsewhere in East and Southeast Asia spiraling downward.

— MICHAEL RICHARDSON

U.S. MUTUAL FUNDS

Figures as of close of trading Friday, Oct. 31



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Herald International Tribune

BUSINESS/FINANCE

MONDAY, NOVEMBER 3, 1997

Brokers Try To Make Amends

Accounts to Be Adjusted After Trading Snags

By Virginia Munger Kahn
New York Times Service

NEW YORK — Investors in U.S. stocks apparently will not end up short-changed because of problems that stock-trading systems encountered handling the huge surge in volume last week.

Merrill Lynch & Co. has said it will spend up to $10 million making investors whole for trades that were not executed promptly last week, and Fidelity Brokerage Services has said that it, too, will adjust customer accounts, paying out up to $1 million because of problems with trades.

Smith Barney Inc., Prudential Securities Inc. and Charles Schwab & Co. have made similar commitments to customers who placed orders that were delayed in execution last week. Most problems arose when buy orders on Tuesday morning, the day after the Dow Jones industrial average dropped 554 points, were not executed until after prices had risen.

Payments like these are nothing new, Merrill Lynch and Fidelity said. "It's been a consistent policy at Merrill Lynch that if a Merrill client is disadvantaged by a delay, the firm will make him whole," said Bobbie Collins, a spokeswoman.

But investors who could not get through to Charles Schwab brokers last week will have to content themselves in the future with a new policy, adopted last week. When waiting times on the telephone or electronic systems exceed five minutes during "extreme market activity," the company said, commissions up to $500 will be waived on trades that are then executed at Schwab offices.

Nor will Fidelity provide relief to investors who picked up their newspapers on Wednesday morning, thinking the prices reported on several funds were the ones at which their Tuesday trades were executed. In fact, the correct prices were higher.

Investors not satisfied with how stock transactions were handled last week should call the company in question and ask whether it is making amends. If not, an investor should write the firm, said Barbara Roper, director of investor protection for the Consumer Federation of America. The letter should describe what would constitute appropriate resolution.

If the firm does not respond satisfactorily, investors should consider going to arbitration, which is generally handled by the National Association of Securities Dealers in Washington.

Individuals can also complain directly to the association, said Michael Jones, vice president in the association's Office of Individual Investor Services.

Nancy Smith, a director at the Securities and Exchange Commission, said investors disputing fund transactions should complain to the fund company and then, if not satisfied, to the SEC.

Wish List for the Thrifty

Finding bargain stocks has been tough for a few years, but the market's drubbing in recent weeks has given value investors a glimmer of hope. Here are some companies that the managers of three value-oriented mutual funds consider overpriced but otherwise great. When the price is right — the target price, below — they may end up on the manager's buy list.

SHELBY DAVIS Selected American (Large companies)

Company	Strengths	Target price	Friday close
Applied Materials AMAT	Demand for semiconductor equipment should grow 15 to 20 percent annually.	$ 25	$ 33.375
Warner Lambert WLA	Its drugs for diabetes and high cholesterol have many years of patent protection.	$120	$143.375
RICHARD WEISS Strong Opportunity (Medium companies)			
Sigma-Aldrich SIAL	Its sales to laboratories have operating margins of 21%.	$ 30	$ 35.125
CNF Transportation CNF	This shipping company just signed a $1.7 billion contract with the U.S. Postal Service.	$ 32	$ 44.625
STEVEN REID Oakmark Small Cap			
Tootsie Roll Industries TR	It has recognizable brands, no debt and may be a takeover candidate.	$ 37	$ 56.75
Peoples Bank of Bridgeport (Conn.) PBCT	This local bank has profitable credit-card operations and an expanding supermarket presence.	$ 30	$ 32.75

Source: Bloomberg Financial Markets (closing stock prices)

NYT

Bargain-Hunters Begin to See Green

By Anne Tergesen
New York Times Service

It has been a tough year for value investors — the bargain-hunters whose search for cheap stocks has been frustrated by the climb of the Dow Jones industrial average. As the bull market reached new heights, thrift-minded fund managers carried more cash than they wanted and even adjusted their definitions of a good buy.

"Everybody had to stretch their valuation parameters upward," said Shelby Davis, chief investment officer of Davis Selected Advisors. "Where we used to think we could find stocks at 10 to 12 times earnings, we've been in the 13 to 15 range."

But with the stock market's dizzying sell-off and partial rebound last week, and a close Friday that left it more than 800 points below its August peak, value investors can now dare to dream. What if the market continues to slide? Will the overpriced stocks of otherwise great companies come within reach?

Three mutual-fund managers — one specializing in large companies, one in medium companies and one in small ones — were asked what stocks they

INVESTING

most wanted to see tumble. Besides identifying some promising prospects, their answers show how these investors skirt what many call this bull market's fatal flaw: overvaluation.

In a pullback, Mr. Davis said, he would buy several stocks for his large-company funds, Selected American and Davis New York Venture. One wish-list company is Applied Materials Inc., which makes equipment for semiconductor manufacturers.

The company should benefit greatly from expected annual growth of 15 percent to 20 percent in demand for its industry's machines, Mr. Davis said. With silicon chips — its customers' end product — finding their way into everything from computers to cars, the large equipment maker can only become more attractive, he said.

Applied Materials stands out even within its booming field. It is the largest player in a consolidating industry, and its annual earnings growth rate, 20 percent to 25 percent, well exceeds the industry average.

But for the Davis funds to bite, the stock of Applied Materials must fall. One of Mr. Davis's rules of thumb: The ratio of a stock price to the estimated earnings per share next year must be equal to or less than the company's expected percentage growth in earnings in 1998.

Under this principle, the stock of Applied Materials will have to fall to $25 from its current $33.375 to interest Mr. Davis.

See STOCKS, Page 15

Jakarta Heeds IMF And Shuts 16 Banks

Compiled by Our Staff From Dispatches

JAKARTA — Indonesia will announce details Monday of deregulation measures aimed at bolstering the economy after the Finance Ministry closed 16 small banks over the weekend in a first step to carry out an IMF-backed economic reform program.

J. Soedradjat Djiwandono, governor of Bank Indonesia, said he hoped the closing of the banks, which the government has been working on for some time, would restore confidence in the country's economy. Indonesia has been rocked by soaring interest rates and a 35 percent decline of the rupiah this year.

The banking and financial sectors are key areas for reform under a multibillion dollar assistance package agreed to last week with the International Monetary Fund, the World Bank, the Asian Development Bank and individual donors.

Finance Minister Mar'ie Muhammad said Saturday that the banks were "insolvent to the point of endangering business continuity, disturbing the overall banking system and harming the interests of society."

Banking sources said several of the banks were associated with politically well-connected business figures, including members of President Suharto's own family.

Mr. Mar'ie said account holders would be reimbursed through state banks of amounts as high as 20 million rupiah ($5,495) per account, covering 93.7 percent of depositors.

No figures were given on the amount of deposits or the indebtedness of the banks.

Anticipating a possible run on banks, the finance minister also appealed "to all members of society to remain calm."

"It should be emphasized that all banks that are not liquidated will carry out their operation as usual," he said.

A spokesman for the Jakarta police was quoted in the Jakarta Post as saying that police were on standby to prevent any disputes from getting out of hand.

Government sources said reform measures to be announced Monday included details of import tariff reductions, export incentives and proposals to open the country's distribution and wholesale markets to foreign companies manufacturing in Indonesia.

In return for the international aid, Indonesia also said it would scrap monopolies held by the government's Bureau of Logistics on food items such as wheat, garlic and flour, end controls on cement prices and agree to a three-year "tight" monitoring of its economy by the IMF.

Analysts, investors and economists, however, were not immediately impressed by the closing of the 16 banks.

Stephen Rogers, head of research for UBS Securities, said the banks that were closed were "very small" and that it was "questionable whether some of them would have survived anyway."

(Reuters, Bloomberg)



Reuters

Policeman guarding a closed bank.

Despite Global Financial Uncertainty, the Dollar Finds Few Takers

By Carl Gewirtz
International Herald Tribune

PARIS — In a week marked by global flight to financial havens — notably U.S. government bonds — the dollar stood out only because it attracted so little interest.

Over the week, the dollar slipped 2.5 percent against the Deutsche mark, finishing at 1.7250 DM. Against the yen, the dollar slipped 1.3 percent, to 120.40 yen.

Running an annual trade deficit of some $200 billion and another outflow of some $20 billion servicing the U.S. debt held by nonresidents, the United States ranks as the largest importer of foreign capital needed to balance its international accounts. As such, said Paul Meggyesi of Deutsche Morgan Grenfell in London, it is "clearly more exposed to the contraction in capital flows which typically accompany financial market crisis."

Moreover, the foreign-exchange crisis in Asia, which has spread to Latin America, has central banks selling dollars to try to thwart their currencies' weakness, forcing them to liquidate dollar holdings.

Federal Reserve custody holdings of Treasury securities for foreign central banks have dropped $22.4 billion over the past two months, declining in just the past two weeks by a whopping $14.7 billion.

"This is clearly of significance for both U.S. financial markets and the dollar," Mr. Meggyesi said. In addition, the dollar market's enormous liquidity — usually its strong point — can be a problem. Avinash Persaud at J.P. Morgan & Co. in London said the dollar had been sold most heavily when trading on the New York Stock Exchange was temporarily halted twice Monday.

"The inability to sell stocks led to an increase in dollar sales, almost as a hedge against further declines in stock prices," he said.

Similarly, he said, a sell-off in the Brazilian stock market led to a surge of dollar sales on the expectation that the spread of the crisis to Latin America would be damaging to the United States, the largest trading partner of the region.

Further weighing on the dollar is the widespread expectation that the Federal Reserve Board will not dare to raise U.S. interest rates during the present turmoil, whereas Germany — being less exposed than the United States is to developments in Asia or Latin America — might continue to snuggle its rates higher.

At the same time, however, according to Neil MacKinnon of Citibank in London, there is "no big appetite" to sell the dollar short. "The U.S. economy is in good shape," he said, "and the fundamentals are good."

Trading last week showed strong support for the dollar when it dipped briefly below 1.7100 DM.

Analysts such as Paul Chertkow at UBS Ltd. in London, who predict an early Fed tightening but no quick move by the Bundesbank, say the dollar is capable of a final bounce toward 1.80 DM.

Others, such as Mr. Persaud, who expect U.S. interest rates to hold steady predict a drop.

"The dollar's highs are behind us," Mr. Persaud said.

"A downtrend is under way that will carry the dollar to 1.60 DM in a year's time."

The yen, virtually all agree, should be weaker, but it is being supported by the global market turmoil, which is inhibiting Japanese investment abroad and probably encouraging some short-term repatriation of capital.

CYBERSCAPE

IBM Moves to Get a Jump on Network Computing

By Richard Melville
Reuters

NEW YORK — Seeking to create a bigger market for its network computers, International Business Machines Corp. will offer competitors the software it uses to link network stations to servers.

IBM's move is a bid to establish an industry standard and avoid repeating costly mistakes it made in the past when it favored its own, proprietary technology in personal computers.

"Unlike the old IBM, we're not on a track to try to corner the market," said Bob Dies, general manager of IBM's network-computer division.

"Instead, our goal is to make the functionality we already have fairly ubiquitous," he said.

Several companies, including Sun Microsystems Inc. and Oracle Corp., have been vocal advocates of the network computer, or NC, approach. If accepted, the technology could mean competition for Microsoft Corp.'s Windows software and Intel Corp.'s microprocessor technology.

Mr. Dies said IBM would pursue two approaches. In some cases it will offer its software to standards boards, where, if accepted, it would be available for free, industrywide use. In other cases, IBM will license it.

"We'll turn major pieces of it over to standards boards, and there are things down the road we might overly invest in which I would sell," he said. "Some people will be more than willing to pay us for it. It sure beats trying to write it."

Industry analysts have estimated that IBM could ship up to 100,000 network stations in 1997, a small number compared with personal-computer sales but a considerable head start in the budding universe of NCs.

The transition to NCs is expected to be slow. A study by Gartner Group Inc., a market-research firm, said NCs were likely to co-exist with personal computers for some time.

Users of a network computer — or network station, as IBM calls its version — access applications and data through a small device on their desks.

The approach is also referred to as "thin client," because users' machines do not store operating-system software, applications or other data. IBM's current model weighs less than a pound and a half (600 grams), excluding the keyboard and monitor.

Upgrades and other changes to the system will all take place within the server, which has led some analysts to estimate that NCs would generate savings of up to 40 percent compared with personal computers.

Microsoft and other companies have championed an alternate model, called "NetPC," which relies on stripped-down personal computers administered by networks. IBM has already shelved earlier plans to develop NetPC models.

Partners of Microsoft also plan eventually to deliver Windows-terminals, a setup that will operate under a modified version of the Windows operating system.

IBM, which also has a multibillion dollar personal-computer business, has been nearly invisible in the NC-NetPC debate, but its network-computing division stands to benefit greatly if the NC approach succeeds.

A new model of IBM's network station, which makes more complete use of code written in Sun's Java language, is slated for release this year.

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CURRENCY RATES

Oct. 31

Cross Rates

	$	£	DM	FF	Lira	DFl	BF	SF	Yen	C$	Peseta
Amsterdam	1.9435	3.258	1.1276	0.3366	0.1149	—	5.467	1.3889	1.6139	1.5796	1.335
Brussels	35.55	59.5825	20.625	6.1545	2.1015	18.2945	—	25.405	0.2959	28.87	24.41
Frankfurt	1.7225	2.8855	—	0.2986	0.1019	0.8869	4.8489	1.2312	1.4305	1.2255	1.184
London (a)	1.6769	—	2.8862	9.4523	2.8242	3.2544	59.5436	2.3414	201.481	2.3627	243.75
Madrid	145.58	243.774	84.443	25.717	8.604	74.914	4.0953	104.134	121.895	103.586	—
Milan	1,632.69	2,889.49	989.29	293.89	—	876.43	47.57	1,210.00	14.288	1,202.89	71.613
New York (b)	—	1.6735	1.725	5.777	1.694.00	1.945	35.58	1.3885	120.48	1.4885	145.65
Paris	5.7732	9.667	3.3495	—	0.3402	3.3988	8.1624	4.1256	4.8827	4.1079	3.9655
Tokyo	120.10	200.54	70.69	20.91	0.714	67.89	3.3955	86.19	—	85.29	0.8529
Toronto	1.4085	2.3571	0.8247	0.2439	0.0832	0.7244	0.3898	1.8063	1.1697	—	0.946
Zurich	1.3965	2.344	0.8118	0.2403	0.0826	0.7165	3.9311	—	1.1604	0.9913	0.8408
1 ECU	1.1408	0.6825	1.9697	6.9975	1.933.44	2.2708	40.6555	1.5976	132.384	1.4061	166.306
1 SDR	1.3838	0.8269	2.394	7.9809	2.341.17	2.6888	49.3053	1.9361	165.965	1.947	201.681

Closings in Amsterdam, London, Milan, Paris and Zurich, fixings in other centers; New York and Toronto rates at 4 P.M.
*a: To buy one pound; b: To buy one dollar; *Units of 100; N.Q.: not quoted; N.A.: not available.*

Other Dollar Values

Currency	Per $	Currency	Per $	Currency	Per $	Currency	Per $
Argent. peso	0.9986	Greek drac.	270.74	Mex. peso	8.33	S. Afr. rand	4.84
Australian $	1.4251	Hong Kong $	7.721	N. Zealand $	1.6041	S. Kor. won	964.95
Austrian sch.	12.141	Hung. forint	194.73	Norw. krone	7.0098	Swed. krona	7.5142
Brazil real	1.106	Indian rupee	36.31	Phil. peso	34.80	Taiwan $	30.94
Chinese yuan	8.3132	Indo. rupiah	3640.0	Polish zloty	3.45	Thai baht	39.80
Czech koruna	32.88	Irish £	0.6658	Port. escudo	175.20	Turkish lira	180675
Danish krone	6.5655	Israeli shek.	3.5445	Russ ruble	5887.0	UAE dirham	3.6725
Egypt. pound	3.3998	Kuw dinar	0.304	Saudi riyal	3.752	Venez. bolív.	498.33
Fin. markka	5.1917	Malay. ring.	3.4435	Sing. $	1.58		

Forward Rates

Currency	30-day	60-day	90-day	Currency	30-day	60-day	90-day
Pound Sterling	1.6726	1.6683	1.6663	Japanese yen	119.75	119.27	118.79
Canadian dollar	1.4031	1.4006	1.3987	Swiss franc	1.4013	1.3998	1.3984
Deutsche mark	1.7235	1.7203	1.7173				

Sources: ING Bank (Amsterdam); Cera Investment Bank (Brussels); Banca Commerciale Italiana (Milan); Banque de France (Paris); Bank of Tokyo-Mitsubishi (Tokyo); Royal Bank of Canada (Toronto); IMF (SDR). Other data from the Associated Press, Bloomberg and Reuters.

Seoul Chips Away at Trade Deficit

Bloomberg News

SEOUL — South Korea's trade deficit narrowed 98.8 percent in October from a year earlier to $21 million, as a surge in overseas sales of semiconductors led to the highest monthly exports in the nation's history.

Exports jumped 6.2 percent from a year earlier to an all-time high of $12.58 billion, led by semiconductors, petrochemicals, computers and textiles, the Ministry of Finance and Economy said Saturday. Imports fell 7 percent from a year earlier to $12.6 billion.

In the first 10 months of this year, the deficit totaled $10.41 billion, down from $17.29 billion in the same period of 1996.

Semiconductor exports in October jumped 27.4 percent, to $1.67 billion. The surge came as South Korean computer chip makers switched to more profitable 64-megabit dynamic random-access memory chips from 16-megabit chips. The prices of 16-megabit chips dropped below $7 apiece in the fourth quarter from $9.3 in the second quarter.

Exports of 64-megabit chips, the most dense memory chips in commercial use, increased to $517 million in the third quarter, from $357 million in the second quarter and $221 million in the first quarter, a ministry official said.

Semiconductors are South Korea's largest export item, accounting for 14 percent of total exports. The drop in chip prices had led to a 19.3 percent drop in exports last year, following a 37.3 percent surge from 1990 to 1995.

South Korean chipmakers plan to increase the portion of 64-megabit chips to 50 percent of total semiconductor exports, from 30 percent in the first half of the year, said Lee Dong Ho, an economist at Daewoo Economic Research Institute.

Steel exports rose 8.8 percent in the first 20 days to $269 million as a result of stable export prices. Hot-coil prices rose to $321 a ton in the third quarter from $319 in the second quarter. Prices of cold-rolled steel sheets edged up to $439 a ton from $438, the ministry official said.

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CAPITAL MARKETS ON MONDAY

Will Asian Crisis Turn Global? Analysts Look to Hong Kong for an Answer

By Carl Gewirtz
International Herald Tribune

PARIS — Inevitably in financial markets, the byproduct of risk aversion is contagion. What started in May as a banking crisis in Thailand and over the next four months spread to become a currency crisis in Southeast Asia is now threatening to become a global financial crisis as investors everywhere run for safety.

The flight from risk even has a logic. By whatever yardstick it is measured — the rise in yields on emerging-market debt compared with U.S. government bonds, or price/earnings ratios on stocks — the price investors have been willing to pay for risk has declined sharply.

In just one week, a year's worth of spread compression on dollar issues by emerging-market borrowers was erased. The J.P. Morgan index, which measures the spread between interest rates on emerging-market debt and U.S. Treasury rates, soared at one point to 825, compared with 332 a week earlier, and ended the week at 597. Traders reported panic selling and chaotic market conditions.

The big uncertainty is whether this repricing of risk, which last week even had Wall Street shuddering, will occur with such violence that it destabilizes financial markets or whether it will proceed in a way that avoids the worst negative effects.

The answer to that question, in the view of at least two leading analysts, depends on Hong Kong and whether its dollar remains pegged to the U.S. currency or is devalued.

But beyond this initial common point, views diverge totally.

Patrick Artus at Caisse des Depots & Consignations, France's leading institutional investor, argues that only a devaluation of Hong Kong's dollar can restore stability to its stock market and put an end to the volatility that is infecting global markets.

But John Lipsky at Chase Manhattan Bank in New York argues that it is essential for the Hong Kong dollar to remain pegged at 7.80 to the U.S. dollar to prevent a new round of competitive devaluations from destabilizing the region and, ultimately, global markets.

The territory's currency and its link to the U.S. dollar have become the focal point of the issue.

Paul Chertkow, a London-based analyst for Union Bank of Switzerland, sides with Mr. Lipsky. "Restoration of confidence in the Hong Kong dollar will reduce pressure on other emerging market currencies," he said.

For Mr. Artus, however, the Hong Kong dollar's peg is not sustainable. The territory, he said, "runs an annual trade deficit of $12 billion — enormous for a population of only 3 million — because the currency is too strong." He estimates the overvaluation at around 35 percent, and he added that as long as the viability of the currency peg was open to question, stock prices in Hong Kong would remain highly volatile.

In fact, he said, events in Hong Kong are now the "primary source" of volatility on stock markets around the world and will continue to be, "so long as they hold that unrealistic peg."

In uncertain times, he said, "Investors don't stop to make sophisticated analysis between possible winners and losers. When they see sharp increases in volatility, they just run to reduce risk — it's semi-automatic — they cut allocations to equities globally for the safety of bonds or cash."

But Mr. Lipsky insists that this is "the wrong time to worry" about a possible overvaluation of the Hong Kong dollar.

"If the peg goes," he said, "the adjustment would add substantial new uncertainty to the entire region" and could further transform what began as a market event — the Thai banking problem — "into a real economic event, spreading disorder and impairing real economic performance."

The analysts also disagree over the extent of the damage done so far.

Mr. Artus estimates that the collapse of Southeast Asian stock and currency markets represents a loss of $300 billion. Putting it in perspective, he said, "That's 2 percent of the capitalization of world equity markets — not a lot, and certainly no reason to cause a collapse in global equity markets."

At the same time, he estimates that the resulting shift into U.S. government bonds, driving prices up and yields down, has enriched bondholders by around $200 billion. His conclusion: "Globally, the world has not lost lots of wealth."

Mr. Lipsky is less sanguine. He said he expected worries about credit quality to weigh on investors and to fuel a slowdown in global growth.

He forecasts that the crisis will drag down growth in the United States next year to a maximum of 1.5 percent, a rate below that economy's so-called trend line of sustainable noninflationary growth.

Most Active International Bonds

The 250 most active international bonds traded through the Euroclear system for the week ending Oct. 31. Prices supplied by Telekurs.

Austrian Schilling

Rnk Name	Cpn	Maturity	Price	Yield
199 Austria	5⅝	07/15/07	99.8000	5.6400

British Pound

Rnk Name	Cpn	Maturity	Price	Yield
138 Fin Resid Hous	11.126	09/30/50	143.5487	7.7500
204 Abbey National	6	08/10/99	97.7500	6.1400
212 Freddie Mac	6.62	05/30/00	97.2233	6.8100
219 Britain	7	06/07/02	101.3430	6.9100
224 EBRD	6.20	02/14/00	98.3750	6.3000
235 Fannie Mae	6⅞	06/07/02	99.8021	6.8900

Canadian Dollar

Rnk Name	Cpn	Maturity	Price	Yield
221 Canada	7½	12/01/03	111.8100	6.7100

Danish Krone

Rnk Name	Cpn	Maturity	Price	Yield
11 Denmark	7	11/15/07	106.3000	6.5900
14 Denmark	7	11/10/24	104.0500	6.7300
16 Denmark	9	11/15/00	110.7500	8.1300
27 Denmark	8	03/15/06	112.8400	7.0900
31 Denmark	6	11/15/02	102.6200	5.8500
39 Denmark	9	11/15/98	104.4000	8.6200
48 Denmark	7	12/15/04	106.5200	6.5700
50 Denmark	8	11/15/01	109.8000	7.2900
52 Denmark	8	05/15/03	111.2600	7.1900
54 Denmark	6	12/10/99	102.4000	5.8600
80 Nykredit	7	10/01/29	96.4500	7.2600
117 Denmark	7	02/15/98	100.8500	6.9400
124 Denmark	6	02/15/99	101.8400	5.8900
141 Nykredit	6	10/01/26	92.3000	6.5000
145 Realkredit	7	10/01/29	96.4500	7.2600
181 Real Kredit	6	10/01/26	92.7000	6.4700
190 Denmark Tbills	zero	02/02/98	98.9894	3.9400

Deutsche Mark

Rnk Name	Cpn	Maturity	Price	Yield
1 Germany	6	07/04/07	102.9700	5.8300
3 Germany	6½	07/04/27	103.7500	6.2700
4 Germany	4	09/17/99	99.6733	4.0100
7 Germany	6	01/04/07	102.1200	5.8800
10 Germany	6⅞	05/12/05	108.6950	6.3300
13 Germany	6¼	04/26/06	104.8350	5.9600
15 Germany	8	01/21/02	110.6000	7.2300
18 Germany	7⅜	01/03/05	111.4967	6.6100
20 Bundesobligation	4½	02/22/02	98.5817	4.5600
21 Treuhand	7½	09/09/04	112.0200	6.7000
22 Germany	8¾	08/20/01	112.5200	7.7800
24 Treuhand	7⅛	01/29/03	109.0563	6.5300
25 Treuhand	7⅜	12/02/02	103.5054	7.1300
26 Germany	6½	10/14/05	106.5100	6.1000
28 Germany	8	07/22/02	112.3000	7.1200
29 Germany	9	10/20/00	111.7500	8.0500
30 Germany	3¾	03/19/99	99.4950	3.7700
33 Germany	8¼	09/20/01	111.7827	7.3800
35 Treuhand	7¾	10/01/02	111.5360	6.9500
37 Germany 94	6¼	01/04/24	99.6189	6.2700
38 Treuhand	6⅝	07/09/03	106.9400	6.2000
40 Germany	6	01/05/06	103.2250	5.8100
41 Germany	3½	09/18/98	99.5000	3.5200
42 Treuhand	6½	04/23/03	106.3020	6.1100
43 Treuhand	6⅞	06/11/03	108.0900	6.3600
44 Germany	6¾	09/15/99	104.3600	6.4700
45 Germany	7¼	10/21/02	109.5000	6.6200
46 Germany Tbills	zero	04/17/98	98.3945	3.5600
49 Germany	5	08/20/01	99.8400	5.0100
51 Germany	3½	06/18/99	98.5000	3.5500
53 Germany	7⅛	12/20/02	109.1000	6.5300
57 Germany	6	06/20/16	100.5515	5.9700
58 Germany	7½	11/11/04	112.2175	6.6800
60 Germany	4¾	11/20/01	99.5520	4.7700
62 Germany	8½	02/20/01	111.1700	7.6500
63 Germany	7	01/13/00	105.3020	6.6500
64 Germany	6	09/15/03	104.1820	5.7600
65 Treuhand	6¾	05/13/04	107.7400	6.2700
66 Treuhand	6¼	03/04/04	105.1767	5.9400
67 Germany	6	02/16/06	103.2300	5.8100
68 Germany	6⅞	12/02/98	102.9500	6.6800
70 Germany	5⅝	08/22/00	102.3700	5.6200
71 Treuhand	6⅛	07/01/99	103.3100	6.1700
74 Germany	4½	05/17/02	98.3050	4.5800
75 Germany	9	01/22/01	112.4525	8.0000
77 Germany	8⅞	12/20/00	111.8750	7.9300
78 Germany	3½	12/18/98	99.4300	3.5200
81 Germany	6¾	04/22/03	107.4840	6.2800
82 Germany	5	05/21/01	100.8040	4.9600
84 Germany	8⅛	05/21/01	111.4500	7.5100
86 Germany	8¾	07/20/00	110.3600	7.9300
89 Treuhand	7	11/25/99	105.0800	6.6600
90 Germany SP	zero	07/04/27	15.1000	6.5700
91 Treuhand	5¾	04/29/99	102.2200	5.6300
92 Germany	5⅞	05/15/00	103.1800	5.6900
94 ADB	5½	10/24/07	97.8000	5.6200
96 Germany	6⅞	02/24/99	103.4000	6.6500
97 Treuhand	5	01/14/99	101.0500	4.9500
98 Germany	6½	07/15/03	106.4200	6.1100
102 Germany	6½	03/15/00	104.4700	6.2200
108 Germany	8¾	05/22/00	109.9200	7.9600
109 Treuhand	5⅝	09/24/98	101.4400	5.5500
110 Germany	6½	01/02/99	102.7575	6.3300
111 Germany	5¼	02/22/99	101.5900	5.2900
114 Germany	5⅛	11/21/00	101.3020	5.0600
116 Argentina	8	10/30/09	92.5000	8.6500
118 Germany	6¾	07/15/04	107.9914	6.2500
119 Treuhand	6⅛	06/25/98	101.4300	6.0400
120 Germany	7	12/22/97	100.4700	6.9700
125 Germany	5¼	02/21/01	101.5700	5.1700
127 Germany	7¾	02/21/00	106.9800	7.2400
131 Germany	7¼	01/20/00	105.7700	6.8500
139 Germany	6	02/20/98	100.6650	5.9600
154 Treuhand	5	12/17/98	101.0200	4.9500
155 Germany	8½	08/21/00	109.9500	7.7300
164 Germany	6⅝	01/20/98	100.6250	6.5800
165 Treuhand	6	11/12/03	103.9400	5.7700
169 Germany Tbills	zero	01/16/98	99.3457	3.1200
195 Germany	5¾	05/28/99	102.2600	5.6200
196 Germany	6⅛	05/20/99	102.8600	5.9500
214 Hessen Land	5¾	01/30/08	99.6200	5.7700
230 Germany	6⅝	01/20/98	100.5600	6.3400
231 Germany	5¼	10/20/98	101.2100	5.1900
233 Bank Austria	5⅝	10/23/07	98.0000	5.7400
240 Cap Credit Card	5⅝	08/15/01	101.2569	5.5600
247 Germany	6¼	02/20/98	100.7300	6.2000

Dutch Guilder

Rnk Name	Cpn	Maturity	Price	Yield
55 Netherlands	6¼	07/15/98	101.5000	6.1600
87 Netherlands	5¾	02/15/07	101.1500	5.6800
105 Netherlands	9	01/15/01	112.2000	8.0200
106 Netherlands	8½	03/15/01	111.1500	7.6500
107 Netherlands	7½	01/15/23	116.8000	6.4200
129 Netherlands	7½	04/15/10	115.3500	6.5000
133 Netherlands	7	06/15/05	109.4500	6.4000
135 Netherlands	5¾	01/15/04	102.5500	5.6100
136 Netherlands	5¾	09/15/02	102.9000	5.5900
137 Netherlands	6¾	11/15/05	108.1000	6.2400
160 Netherlands	6½	07/15/98	101.6500	6.3900
168 Netherlands	6½	04/15/03	106.3000	6.1100
179 Netherlands	8¼	06/15/02	112.9500	7.3000
180 Netherlands	7	02/15/03	108.5000	6.4500
182 Netherlands	6	01/15/06	103.2000	5.8100
185 Netherlands	7½	11/15/99	105.8500	7.0900
197 Netherlands	7	03/15/99	103.6000	6.7600
203 Netherlands	9	05/15/00	110.3500	8.1600
206 Netherlands	8¾	05/01/00	109.5500	7.9900
211 Netherlands	8¼	02/15/00	107.8500	7.6500
217 Netherlands	6¾	02/15/99	103.1000	6.5500
226 Netherlands	7¾	03/01/05	113.8500	6.8100
243 Netherlands	7¼	10/01/04	110.8000	6.5400
244 Netherlands	8¼	02/15/02	112.3000	7.3500
246 Netherlands SP	zero	01/15/23	20.1500	6.5600
250 Netherlands	6¾	10/01/98	102.3000	6.6000

ECU

Rnk Name	Cpn	Maturity	Price	Yield
79 France OAT	5½	04/25/07	97.4400	5.6400
103 France OAT	7	04/25/06	108.6000	6.4500
134 France BTAN	4½	07/12/02	97.1700	4.6300
177 France BTAN	6	03/16/01	103.0200	5.8200
184 Britain	4	01/28/00	98.0875	4.0800
194 Britain T-note	5	01/26/99	100.2000	4.9900
200 France OAT	6	04/25/04	102.7000	5.8400
213 Spain	6	01/31/08	100.3750	5.9800
215 France BTAN	5	03/16/99	100.4400	4.9800
227 France OAT	7½	04/25/05	111.3700	6.7300

Finnish Markka

Rnk Name	Cpn	Maturity	Price	Yield
220 Finland	7¼	04/18/06	109.6836	6.6100

French Franc

Rnk Name	Cpn	Maturity	Price	Yield
132 France OAT	5½	04/25/07	99.5500	5.5200
152 France BTAN	4¾	03/12/02	99.2800	4.7800
153 France BTAN	4¾	04/12/99	100.7600	4.7100
158 FranceOAT	5½	10/25/07	99.1800	5.5500
162 France OAT SP	zero	10/25/25	16.5000	6.6500
201 France BTAN	4½	07/12/02	98.0900	4.5900
202 France OAT	6¾	10/25/04	108.3500	6.2300
234 France OAT SP	zero	10/25/19	24.7500	6.5500
239 France BTAN	4	01/12/00	99.0800	4.0400
241 France OAT	6	10/25/25	97.7500	6.1400

Irish Punt

Rnk Name	Cpn	Maturity	Price	Yield
144 Ireland	6¼	04/01/99	101.1288	6.1800

Italian Lira

Rnk Name	Cpn	Maturity	Price	Yield
209 Italy	6¾	07/01/07	104.3000	6.4700

Japanese Yen

Rnk Name	Cpn	Maturity	Price	Yield
229 World Bank	5¼	03/20/02	117.5000	4.4700
232 EIB	2⅛	09/20/07	102.0000	2.0800

Spanish Peseta

Rnk Name	Cpn	Maturity	Price	Yield
191 Spain	5	01/31/01	98.6100	5.0700

Swedish Krona

Rnk Name	Cpn	Maturity	Price	Yield
100 Sweden	11	01/21/99	106.7920	10.3000
104 Sweden 1037	8	08/15/07	111.4820	7.1800
146 Sweden	6	02/09/05	98.6530	6.0800
166 Sweden 1036	10¼	05/05/00	110.7620	9.2500
193 Sweden	5½	04/12/02	98.5140	5.5800

U.S. Dollar

Rnk Name	Cpn	Maturity	Price	Yield
2 Brazil Cap S.L	4½	04/15/14	96.5159	4.6600
5 Argentina par L	5½	03/31/23	71.5000	7.6900
6 Brazil	10⅛	05/15/27	88.8839	11.3900
8 Brazil L FRN	6 11/16	04/15/06	84.6000	7.9000
9 Mexico	11½	05/15/26	112.3750	10.2300
12 Argentina	9¾	09/19/27	90.8355	10.7300
17 Argentina FRN	6¾	03/29/05	86.8800	7.7000
19 Venezuela	9¼	09/15/27	86.0000	10.7500
23 Argentina	11¾	01/30/17	104.8305	10.8500
32 Brazil FRN	6 11/16	01/01/01	94.6667	7.2000
34 Brazil S.L FRN	6¾	04/15/12	79.8502	8.4500
36 Russia	10	06/26/07	98.8811	10.1100
47 Brazil par ZI	5¼	04/15/24	66.3333	7.9100
56 Venezuela FRN	6¾	12/18/07	85.4776	7.9000
59 Bulgaria FRN	6 11/16	07/28/11	75.0000	8.9200
61 Brazil S.ZI FRN	6 11/16	04/15/24	85.3800	7.8300
69 Mexico par FRN	6¼	12/31/19	75.8786	8.2400
72 Bulgaria FRN	6 11/16	07/28/24	79.0000	8.4700
73 Brazil	8⅞	11/05/01	97.0461	9.1500
76 Venezuela par A	6¾	03/31/20	85.0000	7.9400
83 Brazil S.L FRN	6¾	04/15/09	77.0000	8.7700
85 Mexico	9⅞	01/15/07	99.5557	9.9200
88 Italy	6⅞	09/27/23	100.6250	6.8300
93 Mexico	6¼	12/31/19	78.6667	7.9500
95 Argentina FRN	6⅞	03/31/23	84.5000	8.1400
99 EIB	6⅛	10/28/02	100.3115	6.1100
101 Ecuador FRN	3¼	02/28/15	70.3700	4.6200
112 Poland FRN	6 11/16	10/27/24	93.9357	7.1200
113 Ecuador par	3½	02/28/25	50.5000	6.9300
115 Canada	6⅛	07/15/02	100.5923	6.0900
121 Mexico	11½	09/15/16	110.5000	10.2900
122 Mydfa FRN	6 11/16	09/09/07	82.3253	8.1200
123 ADB	6¼	10/28/02	100.2500	6.2300
126 Poland Inter	4	10/27/14	86.0000	4.6500
128 Peoples China	6⅝	10/28/02	98.8750	6.7000
130 Canada	6¾	08/28/06	103.8333	6.5000
140 Brazil	6	09/15/13	80.0000	7.5000
142 SEK	6.01	06/19/00	100.1250	6.0000
143 CADES	zero	07/10/98	95.4701	6.8900
147 Korea Dev Bank	7¼	05/15/06	91.1764	7.9500
148 IADB	6⅜	10/22/07	101.1250	6.3000
149 Argentina	8⅜	12/20/03	94.8998	8.8300
150 Ecuador FRN	6 11/16	02/28/25	79.8022	8.3800
151 Bulgaria	2¼	07/28/12	59.5326	3.7800
156 Mexico D FRN	6 9/16	12/28/19	87.8671	7.7500
157 Brazil L FRN	6 11/16	04/15/06	88.8748	7.5200
159 Mexico C FRN	6.82	12/31/19	92.0966	7.4100
161 Argentina FRN	5.656	04/01/01	105.8992	5.3400
163 Bancaire FRN	5.819	10/08/04	99.6400	5.8400
167 Russia	9¼	11/27/01	95.4659	9.6900
170 Mexico B FRN	6.836	12/31/19	89.3024	7.6500
171 Kellogg	6⅛	08/06/01	100.1250	6.1200
172 Mexico A FRN	6.693	12/31/19	90.5000	7.3900
173 Corestates FRN	5.831	10/29/02	99.8615	5.8400
174 Tatneft Fin	9	10/29/02	96.0000	9.3800
175 Peru	3¼	03/07/17	55.0271	5.9100
176 Peru Pdl	4	03/07/17	62.1583	6.4400
178 Mexico FRN	6.977	06/27/02	96.4500	7.2300
183 Panama	8⅞	09/30/27	88.8205	9.9900
186 Finland	7⅛	07/28/04	109.1250	7.2200
187 Argentina FRN	5.656	09/01/02	109.0000	5.1800
188 Brazil Cbond S.L	4½	04/15/14	97.1036	4.6300
189 Fst Chicago Frn	5.819	09/23/02	99.7000	5.8400
192 Bayerische LB	6⅛	06/25/07	102.1250	6.4900
198 Commerz FRN	5⅝	01/29/01	99.6708	5.6400
205 Philippines Flx	8¾	10/07/16	90.0000	9.7200
207 Quebec	5½	08/27/98	98.3544	5.2100
208 Argentina	11	10/09/06	104.3124	10.5500
210 Panama	3¾	07/17/14	70.6250	5.3100
216 Canada FRN	5½	02/10/99	98.5337	5.5800
218 SEK	6⅛	10/02/00	100.2855	6.1100
222 Poland par	3	10/27/24	58.0000	5.1700
223 Un Bk Nor FRN	5¾	10/14/99	99.8600	5.7600
225 TVA 1995a	6⅜	06/15/05	100.8750	6.3200
228 MBL Intl Fin	3	11/30/02	100.3006	2.9900
236 Sallie Mae	4½	08/02/99	97.6250	4.6100
237 CADES FRN	5.531	12/10/01	99.5200	5.5600
238 New Zealand	zero	12/24/97	98.5801	9.7700
242 Petronas	7⅛	10/18/06	93.5571	7.6200
245 Italy FRN	5⅞	07/26/99	100.2500	5.8600
248 Panama FRN	4	07/17/16	81.9468	4.8800
249 RheinHypo	6⅜	06/18/07	102.6270	6.7000

U.S. Treasury Issues Beckon to the World

Cooling of Asian Economies Only Enhances Their Allure as a Haven

By Mitchell Martin
International Herald Tribune

NEW YORK — Amid the tumult in the world's financial markets over the past two weeks, U.S. Treasury bonds have become a favored haven for many investors, and analysts are predicting further gains for the bonds.

U.S. bond prices have been rising since mid-April as fears of inflation in America have diminished. There now are economists, in fact, who are more worried about deflation than inflation, although this view is not embraced by a majority. But in any case, most agree that the U.S. economy has expanded faster in the past few years without igniting pricing pressures than previously seemed possible.

There are several possible explanations for this, one of which is that although American unemployment is low and factories are running at close to their capacity, the rest of the world offers a pool of underutilized labor and of factories that stand ready to provide alternate supplies if U.S. companies try to raise prices. That pool got a lot deeper after the currency devaluations that wracked Southeast Asia this summer. Those countries' labor costs have fallen in dollar terms and their economies have slowed, freeing plenty of manufacturing capacity to keep U.S. industry wary.

Having peaked at a closing yield of 7.18 percent in April, the bellwether 30-year U.S. Treasury bond fell to about 6.20 percent in early October, before the Hong Kong currency came under pressure and its stock market touched off a worldwide equity swoon. As investors bailed out of stocks, they bought U.S. Treasury issues.

For a while, the U.S. stock and bond markets decoupled. Rising bond prices put pressure on stocks because investors sensed that the movement into the fixed-income market reflected fears of further declines in equities. But even after the pressure came off stocks, bonds continued to rally, and by the close of trading Friday the 30-year Treasury bond's yield, which moves in the opposite direction from its price, was down to just 6.16 percent. Many economists are predicting further declines in yields. Mitchell Held and Douglas Schindewolf of Smith Barney Inc., for example, said in a weekly advisory that slowing economic growth, a reduced supply of Treasury issues as the U.S. budget deficit disappeared and a "continued benign inflation environment" would push yields down to between 5.5 percent and 6 percent by the first half of 1998.

Lawrence Kreicher, chief economist and director of global bond research at Alliance Capital Management LP, offered one analysis of why inflation has been so tame in recent years: He credits former President Ronald Reagan with laying much of the groundwork for the current environment, however unintentionally.

Until the 1970s, he said, bond investors were an uncritical lot, taking their interest payments and keeping a low profile. But then they were "burned" by the inflation of the late

U.S. CREDIT MARKETS

1970s that was kindled by rising oil prices. Yields rose, creating large losses for holders of outstanding bonds in the early 1980s, and the tax reductions that occurred without spending cuts under Mr. Reagan led to a dramatic rise in government debt.

In 1975, about $395 billion of Treasury debt was held by public investors, data from the Congressional Budget Office show. That had grown to $795 billion by 1980, when Mr. Reagan was elected.

By 1985, the debt held by the public had reached $1.5 trillion, and it rose to $2.4 trillion in 1990 and $3.7 trillion last year, far outrunning the growth in size of the overall economy.

This growth in the Treasury market gave increased power to investors who became known as the "bond vigilantes." Their weapon was interest rates, Mr. Kreicher said: Whenever they sensed an increase in inflation, they would demand higher yields on their bonds. This "feedback" helped keep economic growth from accelerating so rapidly that wages and prices would precipitously rise, essentially shortening and flattening the business cycle in this decade.

Mr. Kreicher said he thought the U.S. economy was now capable of growing by 2.75 percent a year without generating excessive inflation, a rate higher than the 2.5 percent "speed limit" accepted by the Federal Reserve Board. Yet even with this year's growth expected to be well above 3 percent the Fed is expected to refrain from raising interest rates this year, in part because of the unsettled state of the world's financial markets.

Alan Greenspan, the Fed chairman, testifying to the Joint Economic Committee of Congress last week, indicated that the declines in equity prices may already have slowed growth, doing the central bank's job for it. Since December, when Mr. Greenspan questioned whether an "irrational exuberance" in the markets had "unduly escalated" values of financial assets, the Fed chairman had shown various degrees of concern about inflationary pressures, even though few have been visible in the government's economic statistics in recent months.

Still, the central bank raised its target for short-term interest rates in March, and markets were braced for another move until the recent plunges in world equities. Mr. Greenspan said last week that the stock market's "net retrenchment of recent days" would "tend to damp" the "wealth effect" that was encouraging rapid economic growth.

He made it clear that he felt that inflation was still a threat to the economy. But if the inflation is so mild that it does not bring about interest-rate increases from the Fed, interest rates of better than 6 percent on long-term Treasury bonds are likely to keep attracting investors around the world.

In fact, even with their gains of recent weeks, American bonds still offer higher yields than competing instruments from developed countries. While a 10-year Treasury was yielding 5.83 percent a year Friday, British, French and German government bonds all were paying less than 5.6 percent. Japanese 10-year government bonds, at a 1.82 percent yield, are unlikely to interest investors who do not need yen income.

In Japan, Bonds Still Have Edge in Unruly Market

Bloomberg News

TOKYO — Japanese bonds are expected to extend their gains this week, driving the benchmark yield to new lows, as prospects for global stocks remain shaky.

Bonds and stocks showed see-saw movements recently, with the benchmark Nikkei 225 stock average staying below the 17,000 mark for the past four trading days.

"The focus is whether the Nikkei will fall below 16,000 and the benchmark bond yield will stay below 1.6 percent," said Kusuo Aoki, a bond analyst at Yamaichi Securities Co. Mr. Aoki said he expected the benchmark yield to range from 1.55 percent to 1.65 percent in the week ahead.

Traders and investors are looking to U.S. stocks for clues to how Japanese equities will fare. The dive in U.S. stocks last week helped push the Japanese benchmark stock index down to its lowest level since July 1995.

If stocks stabilize over the next few days, global investors may turn away from bonds in both Japan and the United States, traders said.

Traders and investors are also awaiting release of government stimulus measures for the Japanese economy.

The government will probably put out its measures this week, Mr. Aoki said. If the package is as mild as is now widely expected, that could support bonds, he said.

The governing Liberal Democratic Party unveiled its economic package the week before last, and confidence fell as many investors apparently felt the package offered nothing to help the economy. The Liberal Democratic Party said Friday it would compile a second package by Nov. 13.

The Week Ahead: World Economic Calendar, Nov. 3-7

A schedule of this week's economic and financial events, compiled for the International Herald Tribune by Bloomberg Business News.

	Asia-Pacific	Europe	Americas
Expected This Week	**Chiang Mai, Thailand:** Texaco Exploration (Thailand) II Ltd. sponsors Third Regional Petroleum Industry Environment, Health and Safety Conference. Tuesday to Friday. **Manila:** President Fidel Ramos speaks at El Nino Water Summit. Thursday to Sunday.	**Prague:** Revised estimates of basic macroeconomic indicators for this year and next year.	**Chicago:** Futures and Options Expo '97 conference. Speakers include Michael Moskow, president of Federal Reserve Bank of Chicago. **Earnings expected:** Aetna Inc., Equitable Cos.
Monday Nov. 3	**Bangkok:** October consumer price index; Phatra Thanakit PCL holds extraordinary shareholders meeting to discuss selling a larger stake to Thai Farmers Bank PLC. **Sydney:** September retail spending figures.	**Bern:** Retail sales figures for September. **Madrid:** September industrial prices. **Oslo:** September industrial output. **Voorburg, Netherlands:** September and third-quarter retail sales.	**Washington:** September personal income and spending; September construction spending. **Tempe, Arizona:** National Association of Purchasing Management releases October index
Tuesday Nov. 4	**Tokyo:** Economic Planning Agency releases figures on household spending in September; Japan Automobile Dealers Association releases October domestic sales figures. **Wellington:** Unemployment rate in the July-September quarter.	**London:** Bank of England releases net consumer credit for September. **Rome:** October consumer prices. **Vienna:** October unemployment report. **Earnings expected:** KLM Royal Dutch Airlines NV, Adidas AG.	**New York:** Conference Board reports September leading indicators; LJR Redbook Research service releases weekly survey of total U.S. sales at more than 20 department, discount and chain stores.
Wednesday Nov. 5	**Manila:** October consumer price figures. **Tokyo:** Bank of Japan's governor, Yasuo Matsushita, gives a lecture on recent financial developments; merchandise trade figures for the first 20 days of October.	**Copenhagen:** August current account and trade balance. **Brussels:** Finance Minister Theo Waigel of Germany speaks at meeting of European Union finance ministers to prepare for summit on job-creation programs.	**Washington:** Factory orders for September; Mortgage Bankers Association of America releases weekly report on mortgage applications. **Earnings expected:** CNA Financial Corp., Piper Jaffray Cos., Lumonics Inc., Four Seasons Hotels Inc.
Thursday Nov. 6	**Jakarta:** Offering period for PT Anela Tambang's initial public offering begins, will end next Monday. **Tokyo:** Bank of Japan reports average interest rates for different types of deposits.	**Bonn:** September manufacturing orders to be released. **Brussels:** EU inflation statistics for September. **Rome:** August industrial orders and sales. **Vienna:** October wholesale prices.	**Washington:** September housing completions; initial weekly state unemployment compensation insurance claims. **Earnings expected:** Loewen Group Inc., Rogers Cantel Mobile Communications Inc.
Friday Nov. 7	**Taipei:** Trade data for October. **Tokyo:** Japan Automobile Importers Association to release sales figures for October; Minicar Association of Japan to release sales figures for October	**Bern:** October jobless figures. **Frankfurt:** Alan Greenspan, U.S. Federal Reserve Board chairman, speaks at Johann Wolfgang Goethe University. **London:** November economic trend figures.	**Washington:** October unemployment report; September wholesale trade; Federal Reserve System reports September consumer credit, weekly report on commercial and industrial loans at U.S. commercial banks.

New International Bond Issues

Compiled by Laurence Desvilettes

Issuer	Amount (millions)	Mat.	Coup. %	Price	Price end week	Terms
Floating Rate Notes						
Bancaja Intl Finance	$250	2002	0.0313	99.935	—	Over 3-month Libor. Noncallable. Fees 0.15%. Denominations $10,000. (ABN—AMRO Hoare Govett.)
Discover Card Master Trust	$709	2003	0.07	100.00	—	Over 1-month Libor. Average life 3 years. Also $39.5 million paying ¼ over Libor. Fees 0.225%. (Morgan Stanley Intl.)
Korea Electric Power	$150	2004	0.60	100.00	—	Over 6-month Libor. Noncallable private placement. Fees not disclosed. Denominations $250,000. (Societe Generale.)
New York City	$200	2002	¼	99.88	—	Over 3-month Libor. Average life 2.64 years. Fees 0.30%. (Goldman Sachs Intl.)
Banque Sofinco	FF1,000	1999	0.03	100.031	—	Over 3-month Pibor. Noncallable. Fees 0.10%. (Credit Commercial de France.)
Fixed-Coupons						
Nordic Investment Bank	$200	2000	5⅛	99.11	—	Semiannually. Noncallable private placement. Fees 0.20%. (Yamaichi Intl.)
Health Management	£75.8	2027	7.181	100.009	—	Semiannually. Noncallable. Fees 0.75%. (NatWest Capital Markets.)
Deutsche Bank	Y19,600	2007	3	100¼	—	Semiannual interest will be 3% in first year, thereafter will be pegged to the 6-month Libor. Callable private placement. Fees 0.25%. Denominations 100 million yen. (Deutsche Bank.)

Last Week's Markets

Stock Indexes

United States	Oct. 31	Oct. 24	% Ch'ge
DJ Indus.	7,442.08	7,715.41	—3.54
DJ Util.	242.59	246.56	—1.61
DJ Trans.	3,131.46	3,239.14	—3.32
S & P 100	873.43	896.59	—2.58
S & P 500	914.62	941.64	—2.87
S & P Ind	1,065.54	1,095.37	—2.72
NYSE Cp	481.14	495.77	—2.95
Nasdaq Cp	1,593.60	1,650.92	—3.47
Japan			
Nikkei 225	16,458.94	17,363.74	—5.21
Britain			
FTSE 100	4,842.30	4,970.20	—2.57
Canada			
TSE Indus.	6,840.80	7,033.50	—2.74
France			
CAC 40	2,739.69	2,849.03	—3.85
Germany			
DAX	3,726.69	4,050.87	—8.00
Hong Kong			
Hang Seng	10,623.78	11,144.34	—4.67
World			
MSCIP	903.03	963.25	—6.25

World index from Morgan Stanley Capital Intl Perspective.

Money Rates

United States	Oct. 31	Oct. 24
Discount rate	5.00	5.00
Prime rate	8½	8½
Federal funds rate	5⅝	5⅝
Japan		
Discount	0.50	0.50
Call money	0.43	0.44
3-month interbank	0.47	0.47
Britain		
Bank base rate	7.00	7.00
Call money	7⅛	7¼
3-month interbank	7 5/16	7 5/16
France		
Intervention rate	3.30	3.30
Call money	3⅜	3⅜
3-month interbank	3 9/16	3 9/16
Germany		
Lombard	4.50	4.50
Call money	4.50	3.45
3-month interbank	3.72	3.70

Gold	Oct. 31	Oct. 24	% Ch'ge
London p.m. fix $	311.40	316.65	-1.66

Euromarts

Eurobond Yields

	Oct. 31	Oct. 24	Yr high	Yr low
U.S. $, long term	6.46	6.50	7.09	6.43
U.S. $, mdm term	6.21	6.22	6.84	6.09
U.S. $, short term	6.03	6.17	6.51	5.95
Pounds sterling	7.08	7.06	7.75	6.90
French francs	5.33	5.34	5.34	4.66
Italian lire	5.86	5.86	7.79	5.79
Danish kroner	5.79	5.82	5.93	5.26
Swedish kronor	5.68	5.63	5.68	4.82
ECUs, long term	6.00	6.03	6.42	5.76
ECUs, mdm term	5.55	5.56	5.59	4.76
Can. $	5.50	5.62	6.51	5.36
Aus. $	5.96	6.23	7.86	5.89
N.Z. $	7.37	7.29	8.39	6.96
Yen	1.33	1.36	2.15	1.33

Source: Luxembourg stock exchange

Weekly Sales

Oct. 30

Primary Market

	Cedel $	Cedel Non$	Euroclear $	Euroclear Non$
Straights	218.5	126.4	1,932.3	2,825.1
Convert.	2.0	0.8	—	703.1
FRNs	329.4	1,304.9	1,604.5	977.5
ECP	10,979.0	7,915.6	11,691.5	9,210.5
Total	11,528.9	9,347.7	15,228.3	13,716.2

Secondary Market

	Cedel $	Cedel Non$	Euroclear $	Euroclear Non$
Straights	34,379.7	16,247.3	153,575.9	32,115.6
Convert.	1,418.2	917.0	4,166.7	3,049.9
FRNs	27,688.7	8,723.5	72,087.3	7,463.2
ECP	14,507.4	17,218.3	28,949.6	36,872.7
Total	77,994.0	43,106.1	258,779.5	79,451.4

Source: Euroclear, Cedel Bank.

Libor Rates

	1-month	3-month	6-month
U.S. $	5⅝	5 11/16	5¾
Deutsche mark	3 5/16	3 9/16	3½
Pound sterling	7¼	7 5/16	7½
French franc	3 5/16	3¼	3⅜
ECU	4¼	4 5/16	4½
Yen	½	½	9/16

Sources: Lloyds Bank, Reuters.

مكرر من الاصل

مكتبة من الأصل

Despite the War, Sarajevo Furniture Maker Persevered

By Peter S. Green
International Herald Tribune

SMALL BUSINESS

SARAJEVO, Bosnia-Herzegovina — While he was recovering from a bullet wound during the 43-month siege of Sarajevo, Haris Haznadarevic dreamed of wood. Visions of oak, cherry, beech and maple danced in his head.

But while most Sarajevans dreamed of burning wood to ward off the winter chill in their besieged city, he dreamed of sawing it, planing it, joining it and carving it to make furniture.

Until he was drafted to sit on a frontline hilltop to hold off the encircling Bosnian Serbs, Mr. Haznadarevic, like his father and grandfather before him, had a small furniture workshop in his own garage, where a handful of workers turned out sofas, beds and armchairs for local customers.

In besieged Sarajevo, where most business had stopped, and residents got by on relief handouts and their savings of hard currency, Mr. Haznadarevic recalled that reopening his workshop was not about making money.

"There was one imperative in everyone's life in Sarajevo — that we have to continue, we have to keep making things to stay alive," he said, sitting in an extravagantly carved armchair in his new showroom on a Sarajevo side street. "Everything around me represented destruction," he said, "and I wanted to do something constructive. That was part of my own struggle for survival."

Released from the hospital and the army while the siege continued, Mr. Haznadarevic found that not only were there customers for his work, but it was even possible, with a lot of ingenuity, to find fresh wood.

With gas and coal deliveries to the city cut off, Sarajevans were burning everything they could find. Old leather shoes (once lit, they burn very well) bookshelves, furniture and doors. A cord of firewood could fetch several hundred Deutsche marks, Sarajevo's wartime currency.

"I'd buy firewood and trade it with someone who had boards so that I could make something," Mr. Haznadarevic said.

Some boards arrived in a shipment of coffins through a narrow tunnel that ran under the United Nations-controlled airport connecting the capital to government-held areas beyond. Once, Mr. Haznadarevic traded firewood and scraps for planks from a chicken coop whose owner had eaten all his birds.

For the first three months, he worked in his own home, then expanded to a bomb-damaged schoolhouse. His 35 carpenters and upholsterers worked for 150 marks a month each, and a half-dozen soldiers came to work on their off-hours, Mr. Haznadarevic said, to supplement their meager military rations.

Throughout the Serbian bombardment of the city, the lathes and band saws kept turning. When electricity failed, the craftsmen used hand tools.

"It's hard to explain, but we rarely stopped working during the war," Mr. Haznadarevic said. "During those difficult times the pay from the work kept them alive and it kept their families alive."

Despite the appalling wartime conditions in Sarajevo, Mr. Haznadarevic said he still found customers for his furniture.

Only those with the connections and the agility to procure or sell the bare necessities of life — food, cigarettes, instant coffee and whiskey — had any spare cash to hand, yet enough of them existed to spend about 50,000 marks buying Mr. Haznadarevic 's furniture in 1994.

"The money here was used to defend Bosnia, but of course before the money reached its final point, it had to circulate. The people who bought the furniture helped money to circulate in the city," he added.

With the war over and Bosnia's trade links slowly reviving, Mr. Haznedarovic has begun selling his stylized bed sets, sofas, easy chairs and low tables in Germany, and plans to begin sales in Austria.

About 25 craftsmen now work in the auditorium of a former cultural center in Sarajevo's Carsija neighborhood, earning up to 600 marks ($350) a month in wages. And the company's turnover, he said, has reached 400,000 marks.

ITALY: *Prodi Defends Accord on Public Servants' Pensions*

Continued from Page 1

succeeded in beginning pension reform "without damaging our social cohesion."

He also said it was "historically important" that under the accord public employees would no longer be able to earn pensions after just 20 years of service, but instead would have to work at least 35 years, as is in the case in the private sector.

"That represents a major saving for public sector finances, and it is also fair," Mr. Prodi said.

Opposition leaders, along with industry spokesmen, attacked the deal as little more than a half measure. They said it did not go far enough and proved how much the Refounded Communist Party had succeeded in watering down welfare reform as a result of the political compromise struck last month to save Mr. Prodi's center-left coalition government.

That compromise with the Communists also called for the government to introduce legislation cutting the workweek to 35 hours from 40 hours by 2001.

Antonio Martino, a former foreign minister and close aide to the opposition leader Silvio Berlusconi, called the deal "cosmetic," saying, "With this accord we will find that we won't be able fund our pension system 10 years from now."

The Corriere della Sera newspaper, in a front-page commentary Sunday, termed the accord "a very small reform" while the Confindustria employers federation said that "the deal does not tackle structural problems." Guidalberto Guidi, a top Confindustria official, called the reform package inadequate, saying, "Italy has been blackmailed by the Refounded Communists and is now paying the price."

"We didn't get everything we might have hoped for," Mr. Prodi acknowledged, conceding that "some of the criticism is justified."

"This may not be the total result," he said, "but it is a substantial step in the right direction."

Reacting to Confindustria's criticism, Mr. Prodi noted, "They say the pension reform is insufficient, but they don't say it is wrong."

In addition to state pensions, he said, "we need to encourage the development of private pension funds, and this will clearly be done."

Criticism of the accord also focused on exemptions for the pension rights of factory workers. Mr. Prodi agreed that because of these exemptions, more than half of Italy's workers will be excluded from the deal, but he said this was because of objections from trade unions rather than from the Communists.

The accord calls for raising the age to qualify for Italy's generous early retirement pensions, but it does not eliminate them. The deal will delay the early retirement of 32,000 public sector teachers by a year to 1999, Mr. Prodi said.

The deal agreed to Saturday, after four months of negotiations, includes a reduction of index-linked increases for pensions above the threshold of 3.5 million lire a month. It will also curtail the privileges of certain professional categories that receive high pensions.

Mr. Prodi said the government planned to make the welfare reform package final by Tuesday to send it to Parliament by Wednesday.

Sergio D'Antoni, a centrist trade union leader, said the deal was "a good accord." Sergio Cofferati, leader of the CGIL, Italy's biggest union, said, "For the first time, everyone will be treated the same way."



Agence France-Presse

Mr. Prodi, who said the pension deal marks "a substantial step."

A Realtor Goes Swimming

Africa Israel Investments to Acquire 80% of Gottex

Reuters

JERUSALEM — Africa Israel Investments Ltd. said Sunday it would acquire an 80 percent stake in Gottex Ltd., a maker of women's swimsuits, marking the real estate company's first foray into fashion.

A spokesman for the company declined to comment about how much Africa Israel would pay for the stake. But it said that it intended to take the stake alone and that the remaining 20 percent would be retained by Leah Gottlieb, the founder of the swimsuit maker.

A company source said the deal would be completed within two days.

The purchase is not part of a strategy to move into fashion, said Anat Weiss, a spokeswoman for Africa Israel.

Africa Israel has been seeking to diversify its holdings, which also include hotel, building products and energy companies.

It is controlled by an Orthodox Jewish businessman, Lev Leviev, who set off a dispute this year when he forced a McDonald's restaurant in one of his company's malls to close on the Jewish Sabbath.

"Gottex is being acquired in order to continue developing the world renown brand," the firm said. "In this spirit, we plan no changes in the character of its products or the line."

Africa Israel said Mrs. Gottlieb, who founded Gottex in 1954, would continue as chief designer. Africa Israel denied it was mainly interested in Gottex's real estate assets.

Gottex exports to about 100 countries, including the United States, Germany, Japan, Egypt, Morocco and Russia.

Despite its famous label, Gottex has experienced financial difficulties in recent years.

Sources close to the deal said the company, which has sales of about $60 million a year, has run up a debt of $20 million.

Israeli newspapers reported that Africa Israel had agreed to pay off the company's bank debt as well as the personal financial commitments of Mrs. Gottlieb.

Mr. Leviev made headlines last month, when an arbitrator ruled that Africa Israel could require its new shopping mall in northern Tel Aviv to close Friday night, the beginning of the Jewish Sabbath.

Ms. Weiss said the McDonald's dispute had nothing to do with Mr. Leviev's religious views.

"The mall was closed according to the law that says businesses must close on the Sabbath," she said. "Africa Israel is a business concern, not a religious company or a secular company." *(Reuters, Bloomberg)*

STOCKS: *Bargain-Hunters Pick Their Targets*

Continued from Page 13

Similarly, he likes Warner-Lambert Co., the drug company. A big reason is the company's two new blockbuster drugs — Lipitor, a cholesterol reducer, and Rezulin, a diabetes medicine. Both will have patent protection for many years, and Mr. Davis predicts that Warner-Lambert will also continue to benefit from large trends such as the aging of the world's population.

But Warner-Lambert stock must tumble to $120 from its current $143.375 for Mr. Davis to buy it. At $120, the company's price-earnings ratio would match the 29 percent expected earnings increase in 1998.

Thinking about such drops may seem like daydreaming. But after last week it may seem less so. Warner-Lambert fell from $151 to $140.50 last Monday — about half the drop that Mr. Davis wants before snapping it up.

In a down market, Richard Weiss, the manager of the midcap Strong Opportunity fund, would take a look at Sigma-Aldrich Corp., which makes specialty chemicals. About 80 percent of its sales are to university, government, hospital and other laboratories.

But Sigma's stock price of $35.125 — or 22 times earnings — is too expensive for Mr. Weiss. He would buy it at $30.

CNF Transportation Inc., a trucking and air freight company, is on Mr. Weiss's watch list, too. In August, CNF's Emery Worldwide subsidiary snared a $1.7 billion contract to deliver priority mail on the U.S. East Coast for the Postal Service. CNF also should benefit from a recent restructuring. CNF shares closed at $44.625 Friday; if the stock's price were to fall to $32, Mr. Weiss said he would jump in.

Mr. Weiss looks for a stock trading at a 40 percent discount to the company's estimated acquisition value, or what a rival or other company would pay for the enterprise. To arrive at acquisition estimates, he uses a variety of yardsticks, such as price-to-sales ratios or the value of an oil company's reserves.

With CNF, as with Sigma, the gauge was a ratio of earnings to the company's value, or its market capitalization plus debt minus cash.

In a decline, Steven Reid, manager of the Oakmark Small Cap fund, dreams of buying something tasty — Tootsie Roll Industries Inc.

It has no debt, and the fame of its brands, which include Tootsie Rolls and Charms, means it can avoid huge marketing costs. The company also has operating margins of more than 20 percent, sales generally undisturbed by economic downturns and a hefty cash balance.

Mr. Reid has set $37 as the target buy price, a far cry from the current $56.75, and Tootsie Roll is a steady performer unlikely to be too severely battered in a down market. Then again, the company was trading at his target price of $37 as recently as February, although earnings growth and the market's rise have since bolstered the price.

The largest holding in Mr. Reid's fund is Peoples Bank of Bridgeport. From a closing of $36.0625 a week earlier, the Connecticut bank's stock ended Friday at $32.75.

Given its profitable credit card operations, expanding supermarket presence, and reputation for siphoning depositors from out-of-state banks, Peoples is a bargain below $30 a share, Mr. Reid said.

He tried to get yet more shares for his fund Monday, he said, but liquidity problems prevented him from doing so.

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SHORT COVER

Work to Resume at Kia Motors

SEOUL (Reuters) — Kia Motors Corp. was set to resume operations Sunday after hard-line union workers ended a 10-day strike and creditors reopened credit lines to the company.

The company's workers went on strike Oct. 22 after Finance Minister Kang Kyong Shik announced the government would put the company into court receivership.

"The strike has ended and workers will go back to work as of tomorrow," said Lee Hwa Won, a Kia spokesman.

The 10-day strike, which affected seven business days, cost the company an estimated 252 billion won ($261.2 million) in lost production, Mr. Lee said.

Thyssen and Krupp Favor Merger

FRANKFURT (Reuters) — The chairmen of Thyssen AG and Krupp AG are in favor of a merger that could create one of the biggest industrial concerns in Germany, according to a report to be published in Focus magazine.

Krupp's Gerhard Cromme and Thyssen's Dieter Vogel said they were convinced that the synergies between their two companies were good enough to make a merger worthwhile, Focus reported in a summary of an article to be published in its Monday edition.

It said the two men were expected to inform North Rhine-Westphalia state's economics minister, Wolfgang Clement, of their plans as early as Tuesday.

Shareholders Sue Boeing Executives

SEATTLE (Bloomberg) — Shareholders of Boeing Co. filed a lawsuit claiming that executives concealed production problems to buoy Boeing's shares while the company completed its purchase of McDonnell Douglas Corp., their lawyer said.

The suit contends that Boeing officials knew as early as April that production problems would "drastically affect the value of Boeing stock."

Steve Berman, their attorney, claimed that Boeing should have filed details of production problems at the end of its second quarter on June 30, instead of waiting for three months. Boeing admitted on Oct. 22 that inefficiencies would cost the company $2.6 billion over the next 15 months.

Haitai Asks for Debt Rescheduling

SEOUL (Bloomberg) — Haitai Group, a South Korean conglomerate, said it asked a court to reschedule debt payments of about 1.5 trillion won to four companies in a bid to avoid bankruptcy.

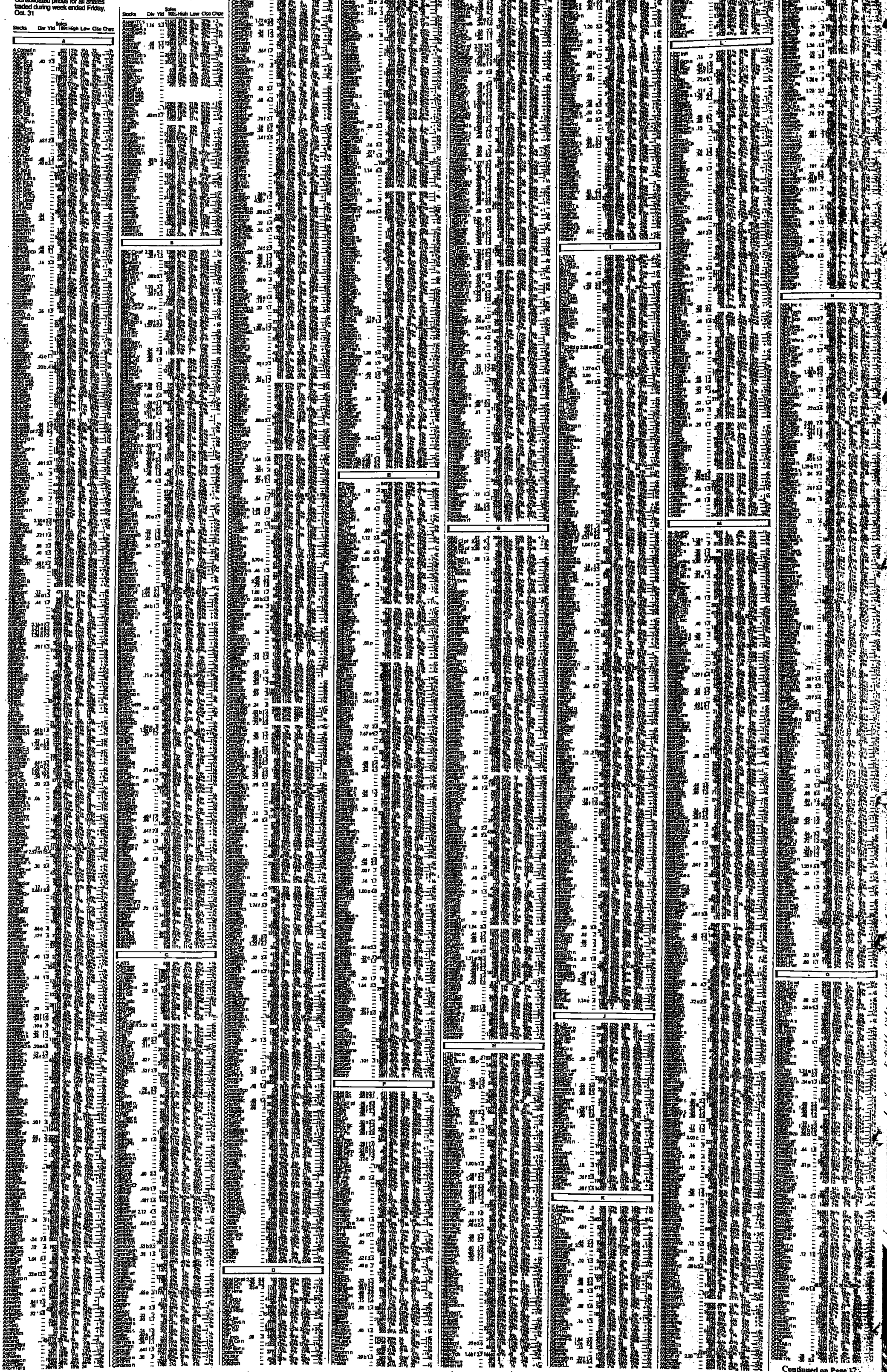
The Korea Stock Exchange on Saturday suspended trading of Haitai Confectionery Co., Haitai Dairy Co. and Haitai Electronics Co. because of speculation about the court application.

The Haitai Group owes Cho Hung Bank Co., its major creditor bank, and other banks such as Korea Long Term Credit Bank Co. and Seoulbank Co., a combined 1.5 trillion won.

Haitai also sought court receivership for three other units — Haitai Electronics Co., Haitai Heavy Industries Co. and Haitai Industry Co.

NASDAQ NATIONAL MARKET

Consolidated prices for all shares traded during week ended Friday, Oct. 31



Continued on Page 17

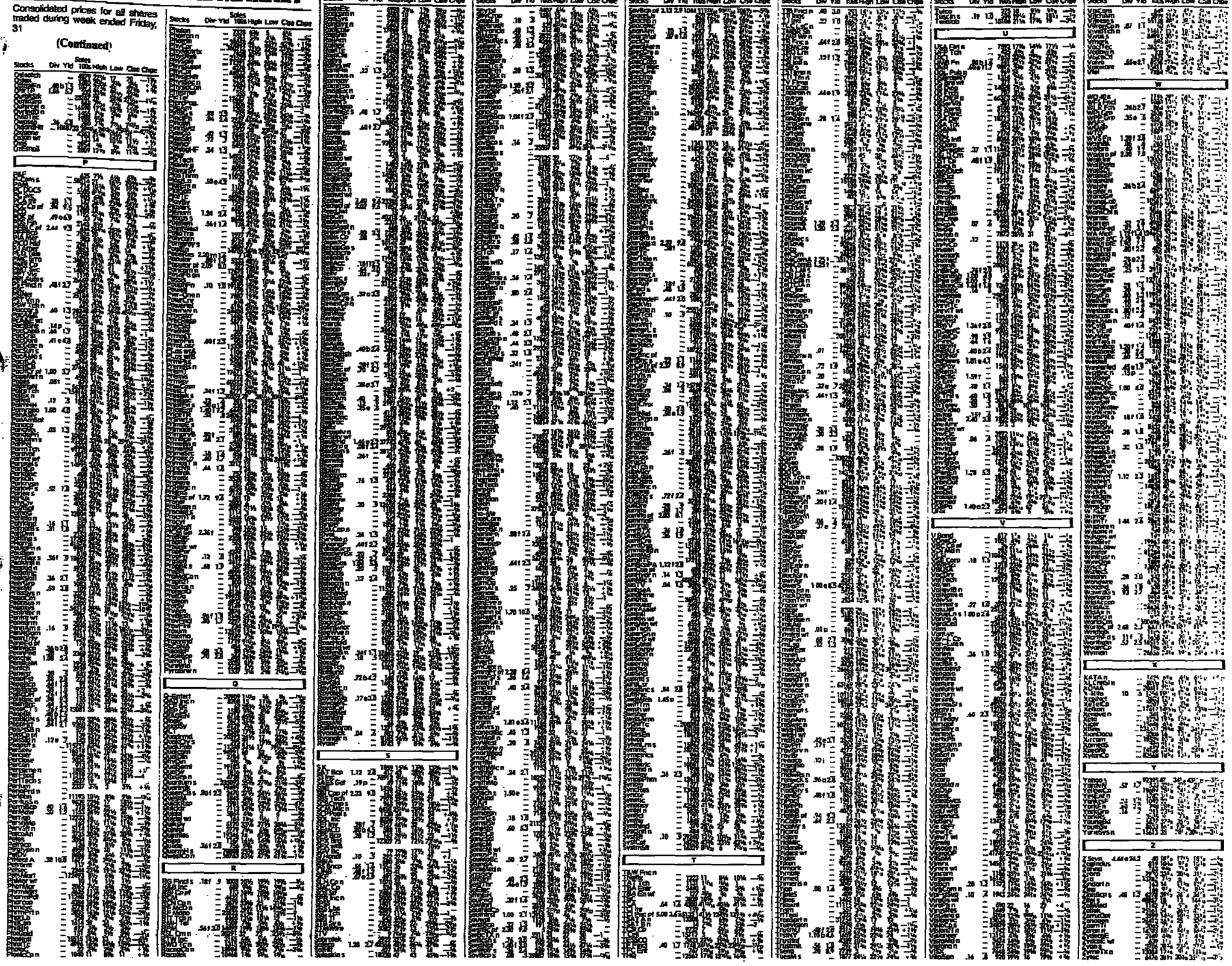
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NASDAQ NATIONAL MARKET

Consolidated prices for all shares traded during week ended Friday, 31

(Continued)



DENNIS THE MENACE



"HIS NOSE DOESN'T LOOK OUT OF JOINT TO ME."

PEANUTS



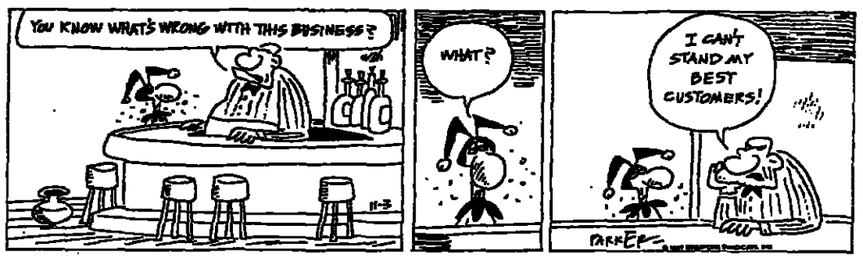
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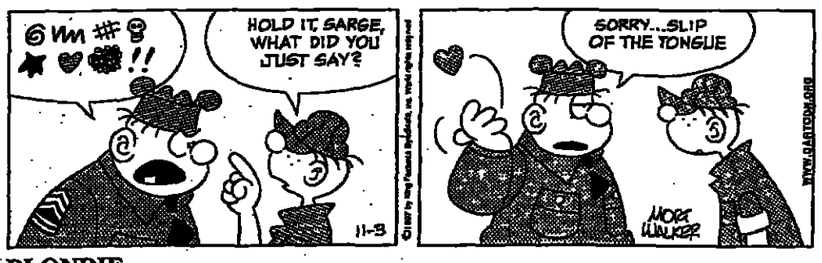
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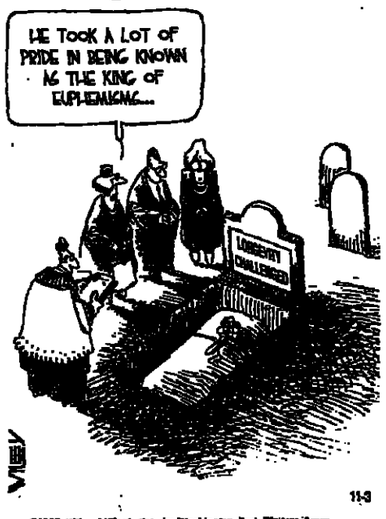
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NETHERLANDS	NLG	195	78	60%
NORWAY	NOK	832	390	53%
SINGAPORE	S$	146	82	43%
SPAIN	PTAS	11,700	5,000	57%
SWEDEN	SEK	832	350	58%
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Australia Weak but Too Strong For British

Compiled by Our Staff From Dispatches

Australia showed it could beat Britain at Rugby League with one hand tied behind its back.

Australia beat Britain, 28-14, at Wembley in London on Saturday. The Australians did

RUGBY ROUNDUP

not field a single player from the team that won the Rugby League World Cup in 1995.

In rugby's 13-man code, Australia has split into two feuding leagues. The current team is drawn from Rupert Murdoch's Super League.

Captain Laurie Daley ran in a first-half hat-trick of tries. The second and third came in three minutes just before half time after Britain had taken a 14-10 lead.

Australia 23, Argentina 15 In Buenos Aires, Australia's Rugby Union team also won Saturday. It was the Wallabies first test victory in South America since 1979. Owen Finegan scored the only try of a scrappy match when he combined with scrumhalf George Gregan to touch down in the fifth minute.

European Cup Brive, the defending champion, Leicester and Cardiff won playoffs Saturday to advance to the quarterfinals of the European Cup.

Brive, from France, beat Pontypridd, from Wales, 25-20. It was their third meeting in six weeks. The teams had brawled, on and off the field, during and after the first game. On Saturday, Brive led 18-0, but Pontypridd replied with 20 points before winger Jerome Carrat restored the home team's lead with a try.

Joel Stransky, the Leicester flyhalf, scored 35 point as the English team thrashed Glasgow, 90-19. Cardiff beat a fellow Welsh team, Llanelli, 24-10. *(Reuters, IHT)*



Bill Kostroun/The Associated Press

The Devils' Reid Simpson landing a right to the jaw of the Capitals' Brendan Witt.

Devils Keep Capitals Down As Elias and Brodeur Shine

The Associated Press

Patrik Elias scored his fifth goal in three games to break a second-period tie and lead the New Jersey Devils to a 3-1 victory over the slumping Washington Capitals.

Petr Sykora and Bobby Carpenter also scored on Saturday night as the host Devils won their third straight and fifth in six

NHL ROUNDUP

games. Martin Brodeur, who has given up just two goals in the last three games, had 24 saves, including several big stops with Washington pressing in the third period.

Richard Zednik snapped his 10-game goal drought in scoring for the Capitals, who are now winless in their past six games.

Canadiens 5, Maple Leafs 1 In Montreal, Benoit Brunet scored his first two goals of the season as the Canadiens beat Toronto. Brunet scored on a 2-on-1 break in the second period and later beat the Leafs' goaltender, Felix Potvin, during a Toronto power play.

Islanders 4, Kings 2 Zigmund Palffy scored twice and Kenny Jonsson added three assists as the New York Islanders beat visiting Los Angeles for their third straight victory.

Penguins 7, Canucks 6 In Pittsburgh, Rob Brown scored with 1:08 left in overtime to give the Penguins a wild victory over struggling Vancouver. The Canucks, in the midst of a 1-7-1 skid, blew a three-goal lead they had built by scoring five goals during a six-minute span in the first period.

Bruins 3, Oilers 1 Ted Donato, Jason Allison and Tim Taylor scored, and Byron Dafoe stopped 22 Edmonton shots as Boston gained its first home victory since Oct. 2.

Sabres 4, Panthers 3 Dixon Ward scored an unassisted goal with 3:46 left in overtime to give visiting Buffalo a victory over Florida.

Blues 2, Sharks 0 Chris Pronger broke a scoreless tie with 2:23 remaining, and Grant Fuhr made 23 saves as St. Louis continued its home-ice domination with a victory over San Jose.

Avalanche 3, Flames 3 In Denver, Joe Sakic converted Colorado's first penalty shot of the season, but the Avalanche blew two leads and had to settle for a tie against Calgary.

Sakic was selected to take the penalty shot with the game tied, 2-2, after Calgary's Aaron Gavey threw a broken stick at a Colorado player at 7:33 of the third period. Calgary remained winless on the road.

Injured Street Dreams of Nagano

Despite Slow Comeback, Skier Expects to Be on Podium in February

By Amy Shipley
Washington Post Service

SALT LAKE CITY — On her way down a mountain in Chile, during a *training run designed to test her* surgically repaired left knee, Picabo Street, the Olympic silver medalist, skied to a stop, her knee throbbing. She sat down in the snow, covered her face with her hands, and began to sob.

Street's knee has improved from that day when a training setback and frustration boiled over so violently she had to be counseled off the slopes by a coach. But even as she gradually returns to racing form — she said last week she is about 93 percent recovered from a torn anterior cruciate ligament suffered last December — she can't help but notice the speeding approach of the 1998 Winter Games in Nagano, Japan, which begin in early February.

"She's already talked about winning a gold medal and I say, 'Be quiet,' " said Jim Tracy, the U.S. women's downhill coach. "It doesn't do any good — let the pressure fall on somebody else. She's in rehabilitation now, training, and she'll be there until she's at 110 percent of her ability. But once the gates open, she'll be flying. People will be amazed."

Street, the 1996 world downhill champion, fully intends to be in medal contention in Nagano in February. Of course, she also fully intended to make her way down that slope in La Parva, Chile, before pain encouraged her to take a seat in the snow. The pain was caused by scar tissue from her December surgery. It gradually dissipated with dry-land training.

"I'm a racehorse," said Street, who had a similar knee injury in 1989. "I didn't want my leg telling me I can't go. We're in cahoots now."

Still, as the ski racing approaches, she has come to realize that her planned rehabilitation will not be finished by the time the Olympic Games start. Ideally, she would spend the next three months racing herself into peak competitive form. In reality, she has not been able to meet the recovery schedule she set for herself.

"I battled depression within the first month," Street said. "It was watching my body change after five or six years of vigorous training and the beef I had layered myself with. I just shred off layers, especially off my left leg. It went from large and tight to small and mushy. I'd catch myself sitting by myself in my room, looking at my little, atrophied leg and just crying."

Street eventually adjusted to the slow pace of rehabilitation. Besides the full tear of her anterior cruciate, she also suffered a partial tear of the medial collateral ligament. But once she returned to the slopes in early July, as giddy as a child about being back on skis, she expected swifter progress.

"She's really had to swallow a few hard pills and some she hasn't wanted to," Tracy said. "She likes to do what she sets out to do. It was hard for her to realize she wasn't going to be ready at the beginning of the season and wasn't going to be in top form before the first race, a Super-G on Nov. 27 at Mammoth Mountain, California."

Street, 26, has not lost her enthusiasm. Yet, she is no longer the rebellious, up-and-coming kid skier who could simultaneously mesmerize and antagonize. In 1990, she was suspended from the national team's summer camp for being out of shape. In 1992, she was put on probation for her attitude.

This year, as the most veteran female skier, she has been determined to assume a mature leadership role.

She chastises herself for spilling her emotions in Chile.

"I have to be more professional than that," she said. "I have to be in control, and look at the big picture all of the time."

Street has made every attempt to prepare herself for the Winter Games. Soon after her surgery early this year, she went to Nagano and skied the Olympic course — riding on the back of assistant coach, Andreas Rickenbach. They stopped to survey several spots.

"I've already got two or three seconds, spots I know I've already got an edge on everybody, just because people don't think, and I do think," Street said. "I was good in geometry in school. That was one of the signs I was going to be a good downhiller."

The turning point in her career is usually considered the eighth place she won in a 1993 World Cup downhill. The following year, the Lillehammer Games represented the break-the-bank point. Street won a silver in an unexpectedly dominant year for the U.S. team. Diann Roffe-Steinrotter added a gold in the Super G, and Tommy Moe won a silver and gold. Freestyle skier Liz McIntyre added a silver in moguls, giving the United States five medals, tying its highest tally — five at the 1984 Winter Games in Sarajevo.

"It didn't really hit me that hard until I got off my return flight in either New York or Chicago," said Street, who expects to continue in skiing long enough for the 2002 Winter Games in Salt Lake City. "Two airline attendants met me at the gate and ushered me through the airport. I realized, wow, my life has changed."

Since that success, however, Street and Moe each suffered knee injuries. (Moe, who suffered his injury 3½ years ago, says he feels completely healthy.) Roffe-Steinrotter retired. Hilary Lindh, the most decorated female skier in U.S. history, also retired. The decimated U.S. ski team had a terrible season on the World Cup circuit last year. "I'm looking for the top 20 or top 15 through December," Street said.

"Then, in January, that's when the hammer comes down and I start expecting myself on that podium in every downhill race."



Greg Wahl-Stephens/The Associated Press

Picabo Street gliding down the slopes of Oregon's Mt. Hood. Although rehabilitation from an injury has been slow, she expects to be back soon.

SCOREBOARD

BASKETBALL

NBA Standings

EASTERN CONFERENCE

ATLANTIC DIVISION

	W	L	Pct	GB
Miami	2	0	1.000	—
New Jersey	2	0	1.000	—
Boston	1	0	1.000	½
New York	1	0	1.000	½
Orlando	0	1	.000	1½
Philadelphia	0	2	.000	2
Washington	0	2	.000	2

CENTRAL DIVISION

	W	L	Pct	GB
Atlanta	2	0	1.000	—
Detroit	1	0	1.000	½
Chicago	1	1	.500	1
Indiana	1	1	.500	1
Milwaukee	1	1	.500	1
Charlotte	0	2	.000	2
Cleveland	0	2	.000	2
Toronto	0	2	.000	2

WESTERN CONFERENCE

MIDWEST DIVISION

	W	L	Pct	GB
Dallas	2	0	1.000	—
Minnesota	2	0	1.000	—
San Antonio	2	0	1.000	—
Houston	1	0	1.000	½
Utah	1	1	.500	1
Vancouver	1	1	.500	1
Denver	0	2	.000	2

PACIFIC DIVISION

	W	L	Pct	GB
L.A. Lakers	1	0	1.000	—
Phoenix	1	0	1.000	—
Portland	1	1	.500	½
Seattle	1	1	.500	½
Sacramento	0	1	.000	1
Golden State	0	2	.000	1½
L.A. Clippers	0	2	.000	1½

FRIDAY'S RESULTS

Milwaukee 27 26 21 29—103
Philadelphia 24 21 22 21— 88
M: Allen 10-20 3-3 29, Robinson 9-15 2-2 20; P: Jackson 8-13 1-2 18, Coleman 6-16 5-6 17. Rebounds—Milwaukee 44 (Johnson 9), Philadelphia 46 (Coleman 11). Assists—Milwaukee 32 (Brandon 9), Philadelphia 23 (Jackson 7).

Indiana 28 29 21 17— 95
New Jersey 20 28 29 20— 97
I: Miller 10-19 12-13 35, Smits 9-13 0-2 18; N.J.: Gill 7-18 6-8 20, Williams 8-18 2-6 18, Cassell 3-16 12-12 18. Rebounds—Indiana 63 (DDavis 17), New Jersey 63 (Williams 20). Assists—Indiana 22 (Best 9), New Jersey 14 (Cassell 8).

Atlanta 28 27 22 25—105
Orlando 18 33 23 25— 99
A: Smith 7-13 8-8 22, Henderson 8-12 4-6 20; O: Hardaway 10-21 11-13 31, Seikaly 11-14 6-9 28. Rebounds—Atlanta 49 (Mutombo 12), Orlando 34 (Seikaly 11). Assists—Atlanta 21 (Blaylock 13), Orlando 15 (Hardaway, Armstrong 3).

Toronto 27 26 27 21—101
Miami 33 25 26 30—114
T: Christie 6-14 4-4 18, Williams 6-13 5-5 18, M: Mashburn 9-14 3-3 22, Hardaway 7-14 3-3 21. Rebounds—Toronto 51 (Camby 12), Miami 61 (Mills 10). Assists—Toronto 17 (Williams 4), Miami 28 (Hardaway 11).

Chicago 32 11 15 27— 85
Boston 12 22 34 24— 92
C: Jordan 7-23 16-21 30, Caffey 6-13 1-4 13; B: Walker 13-26 3-5 31, Billups 6-12 2-2 15. Rebounds—Chicago 53 (Rodman 9), Boston 60 (Knight 13). Assists—Chicago 16 (Harper, Jordan 4), Boston 18 (Billups 4).

New York 23 23 24 27— 97
Charlotte 17 21 26 21— 85
N.Y.: Ewing 9-13 5-10 23, L.Johnson 9-12 4-6 22; C: Mason 7-13 7-14 21, Geiger 5-9 6-7 16. Rebounds—New York 45 (Oakley 8), Charlotte 58 (Mason 12). Assists—New York 27 (Ward 8), Charlotte 16 (Wesley 7).

Washington 21 22 16 20— 79
Detroit 24 24 22 22— 92
W: Webber 8-19 2-4 19, Howard 4-10 5-5 13; D: Hill 9-17 7-8 25, Hunter 8-15 6-8 22. Rebounds—Washington 47 (Webber 7), Detroit 63 (Hill 12). Assists—Washington 22 (Strickland 8), Detroit 11 (Hill 8).

Golden State 27 28 33 25—113
Minnesota 31 38 33 27—129
V: Sprewell 18-31 5-6 45, Marshall 9-22 1-4 19; M: Gugliotta 10-15 8-10 28, Garnett 10-17 5-6 25. Rebounds—Golden State 56 (Marshall 10), Minnesota 54 (Gugliotta, Garnett 11). Assists—Golden State 24 (Coles 9), Minnesota 38 (Marbury 14).

Cleveland 17 18 20 31—86
Houston 27 19 25 23—94
C: Knight 5-9 8-10 18, Ilgauskas 5-13 6-10 16; H: Willis 10-12 0-0 20, Drexler 5-12 7-8 17. Rebounds—Cleveland 59 (Ilgauskas 16), Houston 53 (Willis, Olajuwon, Barkley 8). Assists—Cleveland 11 (Sura 6), Houston 26 (Drexler 9).

San Antonio 21 22 30 34—107
Denver 26 24 21 25— 96
S.A.: Robinson 8-17 5-9 21, Johnson 7-13 5-6 19; D: B.Jackson 10-19 5-5 27, E.Williams 6-17 5-6 17, Stith 6-12 4-6 17. Rebounds—San Antonio 61 (Robinson 13), Denver 41 (Battie, Garrett, B.Jackson 6). Assists—San Antonio 18 (Johnson 5), Denver 12 (E.Williams, Stith 3).

L.A. Clippers 34 25 22 19—100
Phoenix 29 34 28 19—110
L.A.: Barry 7-12 2-2 20, Rogers 5-10 2-2 4, Vaught 7-12 0-2 14, Murray 6-9 0-0 14; P: Chapman 9-18 5-6 24, McDyess 4-7 9-10 17. Rebounds—Los Angeles 50 (Vaught, Vrankovic 10), Phoenix 44 (Kidd 14). Assists—Los Angeles 25 (Barry 7), Phoenix 28 (Kidd 16).

Seattle 24 28 16 23—91
Portland 20 21 26 16—83
S: Baker 6-13 5-8 17, Payton 6-17 4-7 16; P: Grant 8-14 3-5 19, Crotty 5-6 4-4 17. Rebounds—Seattle 52 (Schrempf, Kersey 9), Portland 56 (Grant 11). Assists—Seattle 21 (Payton 6), Portland 21 (Crotty 8).

Utah 28 17 19 23— 87
L.A. Lakers 16 27 25 36—104
U: Anderson 8-17 5-7 21, Malone 7-14 6-9 20; L.A.: Bryant 5-13 13-14 23, Van Exel 7-13 2-3 22. Rebounds—Utah 62 (Malone 14), Los Angeles 56 (Horry 15). Assists—Utah 16 (Eisley 6), Los Angeles 27 (Horry, Van Exel 7).

Dallas 26 17 31 16— 90
Vancouver 18 27 21 22— 88
D: Davis 8-13 1-2 18, Bradley 7-19 3-4 17; V: Abdur-Rahim 14-24 3-5 31, B.Reeves 7-16 1-1 15. Rebounds—Dallas 51 (Green 14), Vancouver 57 (Abdur-Rahim, Thorpe 9). Assists—Dallas 18 (Finley 5), Vancouver 25 (Mayberry 7).

SATURDAY'S RESULTS

Golden State 18 18 23 24— 83
Indiana 28 20 23 25— 96
V: Sprewell 9-22 7-8 25, Smith 7-18 3-6 17; I: Miller 11-21 8-9 33, Smits 11-23 1-2 23. Rebounds—Golden State 59 (Dampier 11), Indiana 69 (Smits 13). Assists—Golden State 11 (Coles 6), Indiana 27 (Jackson 10).

Miami 30 32 25 22—109
Washington 24 38 26 20—108
M: Hardaway 10-22 4-5 26, Mashburn 6-11 5-6 19; W: Webber 13-26 3-4 30, R.Strickland 8-18 4-6 20. Rebounds—Miami 48 (Austin 13), Washington 51 (Webber 13). Assists—Miami 22 (Hardaway 11), Washington 27 (R.Strickland 13).

Toronto 11 25 24 25— 85
Atlanta 23 29 15 23— 90
T: Stoudamire 8-20 4-4 21, Christie 5-12 3-4 13; A: Mutombo 8-11 2-2 18, Smith 6-11 5-6 17, Henderson 6-7 5-6 17. Rebounds—Toronto 45 (Jones 7), Atlanta 60 (Mutombo 12). Assists—Toronto 19 (Stoudamire 9), Atlanta 19 (Blaylock 5).

Charlotte 26 19 20 25— 90
Minnesota 29 21 27 29—106
C: Geiger 6-14 9-9 21, Farmer 3-6 3-3 10, Rice 3-9 4-4 10, Wesley 4-7 2-2 10; M: Marbury 8-19 6-7 23, Gugliotta 9-19 2-4 20. Rebounds—Charlotte 46 (Mason 11), Minnesota 59 (Parks 13). Assists—Charlotte 15 (Mason, Wesley 4), Minnesota 27 (Marbury 13).

Cleveland 15 23 28 22— 88
San Antonio 22 16 19 25— 82
C: Kemp 10-25 6-7 26, Anderson 2-11 8-8 13, Ilgauskas 5-11 3-4 13; S.A.: Robinson 8-13 6-7 22, Del Negro 6-10 3-5 15. Rebounds—Cleveland 42 (Kemp 10), San Antonio 39 (Robinson 9). Assists—Cleveland 18 (Person 4, Sura 4, Henderson 4), San Antonio 25 (Johnson 7).

Philadelphia 15 16 18 25— 74
Chicago 27 17 35 15— 94
P: Stackhouse 6-14 3-3 15, Jackson 6-11 0-0 13, Iverson 5-15 3-4 13; C: Harper 7-13 3-4 17, Jordan 7-14 2-2 16. Rebounds—Philadelphia 51 (Montross 10), Chicago 53 (Rodman 13). Assists—Philadelphia 14 (Iverson 4), Chicago 29 (Harper 8).

New Jersey 23 31 18 28 13—113
Milwaukee 23 27 34 16 9—109
N.J.: Cassell 9-14 15-19 33, Gatling 11-20 3-11 25; M: Robinson 11-19 10-13 32, Allen 9-19 5-6 26. Rebounds—New Jersey 54 (Williams 13), Milwaukee 51 (Johnson 14). Assists—New Jersey 18 (Cassell 7), Milwaukee 17 (Brandon 7).

Denver 29 15 18 22— 84
Utah 24 28 31 19—102
D: Stith 6-14 6-7 18, Fortson 4-11 7-9 15; U: Malone 8-10 8-10 24, Hornacek 5-10 3-3 14. Rebounds—Denver 45 (Williams 7), Utah 68 (Ostertag 11). Assists—Denver 14 (Williams, Jackson 3), Utah 27 (Hornacek, Eisley 6).

Dallas 14 25 16 34—89
Seattle 25 23 23 10—81
D: Finley 5-13 10-14 20, Bradley 7-14 3-3 17; S: Ellis 7-13 0-0 15, Payton 4-13 4-4 12. Rebounds—Dallas 61 (Bradley 14), Seattle 45 (Schrempf 8). Assists—Dallas 17 (Ollie 5), Seattle 21 (Payton 12).

Sacramento 27 26 26 17— 96
Vancouver 27 26 24 20— 97
S: Richmond 6-17 12-13 24, Williamson 6-13 6-8 18; V: Abdur-Rahim 5-16 9-10 19, Reeves 7-11 3-4 17. Rebounds—Sacramento 53 (Smith 12), Vancouver 51 (Thorpe 13). Assists—Sacramento 18 (Dehere 4), Vancouver 22 (Mayberry 6).

Portland 22 18 16 26— 82
L.A. Clippers 20 15 23 16— 74
P: Anderson 6-19 8-9 20, Grant 7-15 5-7 19; L.A.: Barry 5-16 7-8 18, Vaught 6-15 0-0 12. Rebounds—Portland 68 (Grant 11), Los Angeles 54 (Barry 9). Assists—Portland 15 (Anderson 4), Los Angeles 11 (Martin 5).

ICE HOCKEY

NHL Standings

EASTERN CONFERENCE

ATLANTIC DIVISION

	W	L	T	Pts	GF	GA
New Jersey	8	4	0	16	41	23
Philadelphia	7	5	2	16	40	36
Washington	7	5	2	16	44	36
N.Y. Islanders	6	5	2	14	40	33
N.Y. Rangers	3	6	5	11	34	39
Florida	3	7	3	9	28	42
Tampa Bay	2	9	2	6	23	43

NORTHEAST DIVISION

	W	L	T	Pts	GF	GA
Ottawa	8	3	3	19	46	33
Pittsburgh	8	5	2	18	46	41
Boston	8	5	1	17	38	34
Montreal	7	4	2	16	38	26
Buffalo	5	7	2	12	35	45
Carolina	3	8	3	9	33	44

WESTERN CONFERENCE

CENTRAL DIVISION

	W	L	T	Pts	GF	GA
St. Louis	11	2	2	24	50	29
Detroit	10	2	2	22	52	30
Dallas	9	4	1	19	43	31
Phoenix	5	5	2	12	38	35
Chicago	4	10	0	8	24	40
Toronto	3	7	2	8	25	39

PACIFIC DIVISION

	W	L	T	Pts	GF	GA
Colorado	7	2	6	20	49	38
Anaheim	5	4	4	14	29	31
Los Angeles	5	6	4	14	48	44
Edmonton	5	7	1	11	27	41
Calgary	3	8	3	9	38	47
San Jose	4	10	0	8	34	46
Vancouver	3	9	2	8	33	50

FRIDAY'S RESULTS

Buffalo 1 1 0 1—3
Carolina 1 1 0 0—2
First Period: B-Zhitnik 1 (Plante) 2, Carolina, Chiasson 1 (Brown, Dineen) (pp). Second Period: Carolina, Roberts 3 (O'Neill) 15:52 (pp). 4, B-McKee 1 (Holzinger, Satan) Third Period: None. Overtime: 5, B-Dawe 7 (Ward, Peca) Shots on goal: B- 7-7-8-2—24. Carolina 9-11-5-0—25. Goalies: B-Shields. Carolina, Burke.

Philadelphia 1 1 0 0—2
Washington 0 2 0 0—2
First Period: Philadelphia, LeClair 11 (Zubrus, Lindros) Second Period: Philadelphia, Desjardins 2 (Brind'Amour, Klatt) (sh). 3, Washington, Konowalchuk 2 (Zednik, Reekie) 4, W-Johansson 5 (Oates, Housley) 15:49 (pp). Third Period: None. Overtime: None. Shots on goal: Philadelphia 16-8-11-4—39. W- 8-11-12-1—32. Goalies: P-Hextall, W-Kolzig.

Los Angeles 1 3 1—5
Detroit 1 0 0—1
First Period: D-Kozlov 6 (Yzerman, Murphy) 2, L.A-Boucher 4 (Tsyplakov, Murray) Second Period: Los Angeles, Moger 1 (Stumpel, Robitaille) 4, L.A.-Perreault 6 (Tsyplakov, O'Donnell) 5, L.A.-Perreault 7 (Murray) Third Period: Los Angeles, Perreault 8 (Tsyplakov, Murray) Shots on goal: Los Angeles 12-11-3—26. Detroit 7-10-11—28. Goalies: L.A.-Fiset. D-Hodson.

San Jose 1 1 1—3
Chicago 3 1 1—5
First Period: S.J.-Gill 4 (Marleau) (pp). 2, C-Daze 5 (Zhamnov, Moreau) 3, Chicago, White 1 (Laflamme, Krivokrasov) 10:34. 4, C-Zhamnov 2 (Daze, Chelios) Second Period: San Jose, Nolan 2 (Friesen, Gill) :19 (pp). 6, C-Amonte 4 (Daze, Carney) Third Period: C-Amonte 5 (Krivokrasov, Sutter) 8, S.J.-Bodger 2. Shots on goal: S.J.- 14-9-6—29. C- 12-8-5—24. Goalies: S.J.-Vernon, Hrudey. C-Terreri.

SATURDAY'S RESULTS

Edmonton 0 0 1—1
Boston 0 2 1—3
First Period: None. Second Period: B-Donato 6 (Bourque) (pp). 2, B-Allison 5 (Khristich, Ellett) Third Period: Edmonton, McAmmond 3 (Grier) 2:47. 4, B-, Taylor 7 (Axelsson, DiMaio) (en). Shots on goal: E- 4-7-12—23. B- 18-10-6—34. Goalies: E-Joseph. B-Dafoe.

Vancouver 5 1 0 0—6
Pittsburgh 3 2 1 1—7
First Period: Pittsburgh, Straka 4 (Johansson) 4:20 (sh). 2, P-Olczyk 7 (Francis, Jagr) (pp). 3, Vancouver, Bure 7 (Ohlund, Linden) (pp). 4, V-Valc 1 (Walker) 5, V-Naslund 2 (Messier, Ohlund) 6, V-, Linden 4 (Hedican, Valc) 10:40. 7, V-Messier 4 (Bure) 8, P-Brown 2 (Barnes, Hicks) 14:05. Second Period: Vancouver, Messier 5 (Bure). 10, P-Francis 7 (Johansson, Jagr) 11, P-, Straka 5 (Jagr, Francis) 7:36 (pp). Third Period—12, Pittsburgh, Morozov 3 (Brown, Barnes) (pp). Overtime: 13, P-Brown 3 (Barnes) Shots on goal: V- 12-3-8-3—26. P- 9-17-12-4—42. Goalies: V-McLean. P-Barrasso, Wregget.

Los Angeles 1 1 0—2
N.Y. Islanders 3 1 0—4
First Period: New York, Reichel 6 (Jonsson) 1:39. 2, New York, Lapointe 3 (Jonsson, Hough) 3, New York, Palffy 7 (Berard, Lachance) (pp). 4, L.A.-Moger 2 (Stumpel, Robitaille) (pp). Second Period: Los Angeles, Robitaille 7 (Moger, Stumpel) 6, New York, Palffy 8 (Green, Jonsson) (pp). Third Period: None. Shots on goal: Los Angeles 9-12-12—33. New York 8-16-7—31. Goalies: L.A.-Chabot. New York, Fichaud 2-1-1 (33-31).

Toronto 0 1 0—1
Montreal 2 2 1—5
First Period: M-Quintal 1 (Savage, Richer) 6:03. 2, M-Koivu 3 (Corson) Second Period: M-Brunet 1 (Malakhov) 4, T-Berezin 5 (Korolev, Sundin) (pp). 5, M-, Richer 4 (Recchi, Corson) 17:54 (pp). Third Period: M-Brunet 2, (sh). Shots on goal: T- 6-7-14—27. M- 6-13-17—36. Goalies: T-Potvin. M-Moog.

Washington 1 0 0—1
New Jersey 1 1 1—3
First Period: Washington, Zednik 4 (Johansson, Hunter) 2, N.J.-Carpenter 3 (Rolston, MacLean) Second Period: New Jersey, Elias 6 (McKay, Holik) Third Period: New Jersey, Sykora 6 (Odelein) 2:11. Shots on goal: Washington 8-8-9—25. N.J.- 16-6-6—28. Goalies: W-Ranford. N.J.-Brodeur.

Buffalo 0 2 1 1—4
Florida 2 0 1 0—3
First Period: F-Gagner 6 (Svehla) 2, F-, Mellanby 5 (Gagner, Tikkanen) (pp). Second Period: Buffalo, Dawe 8 (Peca) (sh). 4, B-, Satan 7 (Brown, Plante) 12:10 (pp). Third Period: F-Fitzgerald 3 (Lindsay) 6, B-Peca 1 (Holzinger) (pp). Overtime: 7, B-Ward 2, Shots on goal: B- 8-7-13-2—30. F- 12-6-5-0—23. Goalies: B-Hasek. F-Weekes, Fitzpatrick.

San Jose 0 0 0—0
St. Louis 0 0 2—2
First Period: None. Second Period: None. Third Period: St.L-Pronger 2 (Pellerin, Conroy) 17:37. 2, St.L.-Atcheynum 1 (Pronger, Conroy) (en). Shots on goal: S.J.- 7-8-9—24. St.L.- 10-7-8—25. Goalies: S.J.-Hrudey. St.L.-Fuhr.

Calgary 2 0 1 0—3
Colorado 2 0 1 0—3
First Period: C-Kamensky 6 (Yelle, Lefebvre) 2, C-Kamensky 7 (Forsberg, Foote) 3, C-Hoglund 2 (Gavey, Nylander) 4, C-Stillman 8 (McInnis, Albelin) Second Period: None. Third Period: Colorado, Sakic 10 (penalty shot) 7:33. 6, C-Morris 3 (Dowd, Cassels) (pp). Overtime: None. Shots on goal: C- 14-4-16-1—35. C- 9-12-14-5—40. Goalies: C-Moss, C-Roy.

FOOTBALL

Top 25 College Results

How the top 25 teams in The Associated Press' college football poll fared last week:

No. 1 Nebraska (8-0) beat Oklahoma 69-7. Next: at Missouri, Saturday. No. 2 Penn State (7-0) beat Northwestern 30-27. Next: vs. No. 4 Michigan, Saturday. No. 3 Florida State (8-0) beat North Carolina State 48-35. Next: at No. 5 North Carolina, Saturday. No. 4 Michigan (8-0) beat Minnesota 24-3. Next: at No. 2 Penn State, Saturday. No. 5 North Carolina (8-0) beat Georgia Tech 16-13. Next: vs. No. 3 Florida State, Saturday.

No. 6 Florida (6-2) lost to No. 14 Georgia 37-17. Next: vs. Vanderbilt, Saturday. No. 7 Washington (7-1) beat Southern Cal 27-0. Next: vs. Oregon, Saturday. No. 8 Tennessee (6-1) beat South Carolina 22-7. Next: vs. No. 24 Southern Mississippi, Saturday. No. 9 Ohio State (8-1) beat No. 21 Michigan State 37-13. Next: at Minnesota, Saturday. No. 10 Washington State (7-1) lost to No. 20 Arizona State 44-31. Next: vs. SW Louisiana, Saturday.

No. 11 Auburn (7-2) lost to Mississippi State 20-0. Next: at No. 14 Georgia, Nov. 15. No. 12 UCLA (7-2) beat Stanford 27-7. Next: vs. No. 7 Washington, Nov. 15. No. 13 Kansas State (7-1) beat Texas Tech 13-2. Next: vs. Kansas, Saturday. No. 14 Georgia (7-1) beat No. 6 Florida 37-17. Next: vs. No. 11 Auburn, Nov. 15. No. 15 Iowa (6-2) beat No. 18 Purdue 35-17. Next: at Wisconsin, Saturday.

No. 16 LSU (6-2) beat Kentucky 63-28. Next: at Alabama, Saturday. No. 17 West Virginia (6-2) lost to Syracuse 40-10. Next: vs. Temple, Nov. 15. No. 18 Purdue (6-2) lost to No. 15 Iowa 35-17. Next: vs. No. 21 Michigan State, Saturday. No. 19 Oklahoma State (6-2) lost to No. 25 Texas A&M 28-25, OT. Next: at Oklahoma, Saturday. No. 20 Arizona State (6-2) beat No. 10 Washington State 44-31. Next: at California, Saturday.

No. 21 Michigan State (5-3) lost to No. 9 Ohio State 37-13. Next: at No. 18 Purdue, Saturday. No. 22 Toledo (8-0) beat Miami, Ohio 35-28. Next: at Ball State, Saturday. No. 23 Virginia Tech (6-2) beat Alabama-Birmingham 37-0. Next: vs. Miami, Saturday. No. 24 Southern Mississippi (6-2) beat Cincinnati 24-17. Next: at No. 8 Tennessee, Saturday. No. 25 Texas A&M (6-2) beat No. 19 Oklahoma State 28-25, OT. Next: vs. Baylor, Saturday.

Major College Scores

Boston College 22, Pittsburgh 21
Brown 27, Cornell 12
Bucknell 21, Lehigh 14
Colgate 42, Holy Cross 7
Columbia 17, Princeton 0
Connecticut 45, Boston U. 7
Harvard 24, Dartmouth 0
Penn 26, Yale 7
Clemson 33, Wake Forest 16
Louisiana Tech 26, Alabama 20
Miami 42, Arkansas St. 10
Texas Southern 21, Grambling St. 16
Tulane 56, SW Louisiana 0
Virginia 45, Maryland 0
Indiana 23, Illinois 6
Kansas 34, Iowa St. 24
Kent 29, Bowling Green 20
Marshall 45, Cent. Michigan 17
Notre Dame 21, Navy 17
Youngstown St. 13, Illinois St. 0
Baylor 23, Texas 21
Miss. Valley St. 27, Prairie View 0
New Mexico 40, Texas Christian 10
Southern Meth. 24, Rice 6
Texas El Paso 14, Brigham Young 3
Air Force 34, Hawaii 27
California 33, Oregon St. 14
Missouri 41, Colorado 31
Wyoming 41, San Diego St. 17

CRICKET

NEW ZEALAND TOUR
NEW SOUTH WALES VS. NEW ZEALAND
FOUR DAY MATCH, THIRD DAY
SUNDAY IN NEWCASTLE, AUSTRALIA

New South Wales: 469 for six declared
New Zealand: 214 and 82 for three

Golden Jubilee

SRI LANKA VS. WEST INDIES
SATURDAY IN LAHORE, PAKISTAN

West Indies: 237-8 in 50 overs
Sri Lanka: 240-3 in 39.4 overs
Sri Lanka won by seven wickets.

PAKISTAN VS. SOUTH AFRICA
SUNDAY IN LAHORE, PAKISTAN

South Africa: 271 in 48 overs
Pakistan: 262-9 in 50 overs.
South Africa won by nine runs.

GOLF

Volvo Masters

Leading scores Sunday of £1 million ($1.6 million) Volvo Masters being played on par-72, 7,024-yard Montecastillo course Jerez, Spain:

Lee Westwood, Eng.	65-67-68—200
Padraig Harrington, Irl.	66-70-67—203
Jose M. Olazabal, Sp.	66-67-71—204
Robert Karlsson, Swe.	68-67-70—205
Peter O'Malley, Austl.	68-69-69—206
Patrik Sjoland, Swe.	64-68-74—206
Mark McNulty, Zim.	64-69-73—206
C. Montgomerie, Scot.	65-71-71—207
Eduardo Romero, Arg.	71-69-68—208
Ian Woosnam, Wales.	67-69-72—208
Constantino Rocca, It.	69-65-74—208

After heavy storms early Sunday officials decided to call off the 4th round.

Philip Morris

Leading scores Sunday in 200 million yen ($1.7 million) Philip Morris Tournament on 7,178-yard, par-72 ABC Golf Club course in Kato, Japan:

Brian Watts, U.S.	70-73-67-70—280
Kaname Yokoo, Jap.	73-71-70-68—282
Roger Mackay, Austl.	73-67-73-70—283
Pete Jordan, U.S.	70-71-72-70—283
K. Takahashi, Jap.	72-75-68-69—284
N. "Joe" Ozaki, Jap.	72-75-67-70—284
S. Maruyama, Jap.	72-72-69-71—284
Frankie Minoza, Phil.	74-73-70-69—286
Toru Suzuki, Jap.	70-76-68-72—286
H. Tanaka, Jap.	70-74-73-70—287
Eiji Mizoguchi, Jap.	69-74-73-71—287
Todd Hamilton, U.S.	70-73-73-71—287
Tze-chung Chen, Taiw.	74-74-68-71—287
M."Jumbo" Ozaki, Jap.	71-73-71-72—287

RUGBY UNION

HEINEKEN EUROPEAN CUP
PLAYOFFS FOR QUARTERFINALS

Brive, France 25, Pontypridd, Wales, 20
Leicester, England, 90, Glasgow, Scot., 19
Cardiff, Wales, 24, Llanelli, Wales, 10

QUARTERFINAL DRAW

Bath, England, vs. Cardiff, Wales
Toulouse, France, vs. Harlequins, England
Wasps, England, vs. Brive, France
Pau, France, vs. Leicester, England
Matches to be played on November 8 or 9.

AUSTRALIA TOUR
SATURDAY IN BUENOS AIRES, ARGENTINA

Argentina 15, Australia 23

RUGBY LEAGUE

AUSTRALIA TOUR
FIRST TEST
SATURDAY IN LONDON

Australia 28, Great Britain 14

TENNIS

COLOMBIAN OPEN
IN BOGOTA, COLOMBIA
QUARTERFINALS

Francisco Clavel (1), Spain, def. Emilio Alvarez, Spain, 7-6 (14-12), 2-3, retired.
Davide Sanguinetti, Italy, def. Jordi Burillo, Spain, 6-4, 6-3.
Vincent Spadea, U.S., def. Fernando Meligeni (8), Brazil, 7-5, 7-6 (8-6).
Nicholas Lapentti, Ecuador, def. Carlos Costa (6), Spain, 7-5, 4-6, 6-3.

SEMIFINALS

Clavel def. Sanguinetti 6-3, 6-7 (2/7), 7-6.
Lapentti def. Spadea 6-2, 7-5.

PARIS OPEN
IN PARIS, FRANCE
QUARTERFINALS

Thomas Enqvist (15), Sweden, def. Guillaume Raoux, France, 7-5, 6-2.

SEMIFINALS

Pete Sampras (1), U.S., def. Yevgeny Kafelnikov (5), Russia, 7-6
Jonas Bjorkman (12), Sweden def. Enqvist 7-6 (7-5), 7-5.

FINAL

Sampras def. Bjorkman 6-3, 4-6, 6-3, 6-1.

KREMLIN CUP
IN MOSCOW, RUSSIA
SEMIFINALS

Jana Novotna (1), Czech Republic, def. Conchita Martinez (4), Spain, 6-4, 6-1.
Ai Sugiyama, Japan, def. Dominique Van Roost, Belgium, 6-2, 4-6, 6-3.

FINAL

Novotna def. Sugiyama 6-3, 6-4.

SOCCER

ENGLISH PREMIER LEAGUE

Everton 0, Southampton 2
Aston Villa 0, Chelsea 2
Barnsley 1, Blackburn 1
Bolton 1, Liverpool 1
Derby 3, Arsenal 0
Manchester United 6, Sheffield Wednesday 1
Newcastle 3, Leicester 3
Tottenham 0, Leeds 1
Wimbledon 1, Coventry 2

STANDINGS: Manchester United 28 points; Arsenal, Blackburn 24; Chelsea, Leicester 22; Derby, Leeds 20; Liverpool 19; Newcastle 17; Wimbledon, West Ham, Coventry 16; Crystal Palace 15; Aston Villa 14; Tottenham, Southampton 13; Everton, Bolton 12; Barnsley 10; Sheffield Wednesday 9.

GERMAN BUNDESLIGA

Duisburg 4, Borussia Moenchengladbach 5
Borussia Dortmund 2, FC Kaiserslautern 2
Bayer Leverkusen 2, VfL Wolfsburg 1
Karlsruher SC 3, FC Cologne 1
VfB Stuttgart 0, Schalke 0
Werder Bremen 0, Hertha Berlin 2
Hansa Rostock 2, VfL Bochum 2
1860 Munich 2, Bayern Munich 2
Arminia Bielefeld 0, Hamburg SV 3

STANDINGS: FC Kaiserslautern 30 points; Bayern Munich 26; Schalke 04 22; Hansa Rostock 21; VfB Stuttgart, Bayer Leverkusen, Hamburger SV 19; Moenchengladbach, VfL Wolfsburg, MSV Duisburg 17; 1860 Munich 16; Arminia Bielefeld, Karlsruher SC, Werder Bremen 15; Borussia Dortmund 14; Cologne 13; VfL Bochum, Hertha Berlin 12.

FRENCH FIRST DIVISION

Olympique Lyon 1, Paris St Germain 0
Lens 1, Metz 1
Olympique Marseille 2, Cannes 0
Strasbourg 1, Auxerre 1
En Avant Guingamp 1, Monaco 2
Le Havre 2, Bastia 1
Nantes 3, Chateauroux 1

STANDINGS: PSG 30 points; Metz, Marseille, Bordeaux 27; Monaco 23; Auxerre, Lens 22; Bastia, Lyon, Toulouse 19; Montpellier 17; Nantes 16; Guingamp 15; Strasbourg 14; Rennes 13; Le Havre, Chateauroux 12; Cannes 8.

SPANISH FIRST DIVISION

Real Betis 2 Atletico Madrid 3
Valladolid 0 Mallorca 0
Athletic Bilbao 3 Tenerife 0
Real Madrid 2 Barcelona 3
Espanyol 3 Salamanca 0
Oviedo 1 Deportivo Coruna 1
Celta Vigo 1 Sporting Gijon 0
Compostela 3 Racing Santander 1

STANDINGS: Barcelona 25; Espanyol 19; Real Madrid, Celta 18; Atletico Mad. 17; Mallorca, Real Sociedad 16; Athletic Bilb. 14; Betis 12; Oviedo, Tenerife 11; Compostela, Zaragoza, Racing 10; Deportivo 9; Valencia, Merida, Valladolid 5; Salamanca 4; Sporting 1.

ITALIAN FIRST DIVISION

Atalanta Bergamo 1, Vicenza 3
Bologna 5, Napoli 1
Empoli 2, Bari 3
Lecce 2, Brescia 0
Piacenza 0, Fiorentina 0
Sampdoria 0, AC Milan 3
Inter Milan 1, Parma 0
Juventus 4, Udinese 1
AS Roma 1, Lazio 3

STANDINGS: Inter 19 points; Juventus 17; Parma 14; Roma 12; Lazio, Sampdoria, Vicenza 11; Atalanta, Brescia, Udinese 10; AC Milan, Fiorentina 8; Empoli, Bari 7; Bologna, Lecce 6; Napoli 4; Piacenza 3.

DUTCH FIRST DIVISION

Volendam 0, Utrecht 1
Feyenoord 2, RKC Waalwijk 1
Fortuna Sittard 0, NEC Nijmegen 2
Twente Enschede 1, Vitesse Arnhem 1
NAC Breda 2, Graafschap Doetinchem 0
Heerenveen 1, PSV Eindhoven 1
MVV Maastricht 1, Willem II Tilburg 0

STANDINGS: Ajax Amsterdam 34 points; PSV Eindhoven 29; Heerenveen 25; Feyenoord 23; Vitesse Arnhem 22; Twente Enschede 20; Roda JC Kerkrade 18; Graafschap Doetinchem, NEC Nijmegen 16; NAC Breda, Sparta Rotterdam 15; Groningen, Fortuna Sittard 14; Willem II Tilburg 12; Utrecht 11; RKC Waalwijk 10; Maastricht 7; Volendam 6.

SCOTTISH PREMIER DIVISION

Aberdeen 1 Hearts 4
Dunfermline Athletic 0 Celtic 2
Hibernian 1 Dundee United 3
Rangers 4 Kilmarnock 1
St Johnstone 4 Motherwell 3

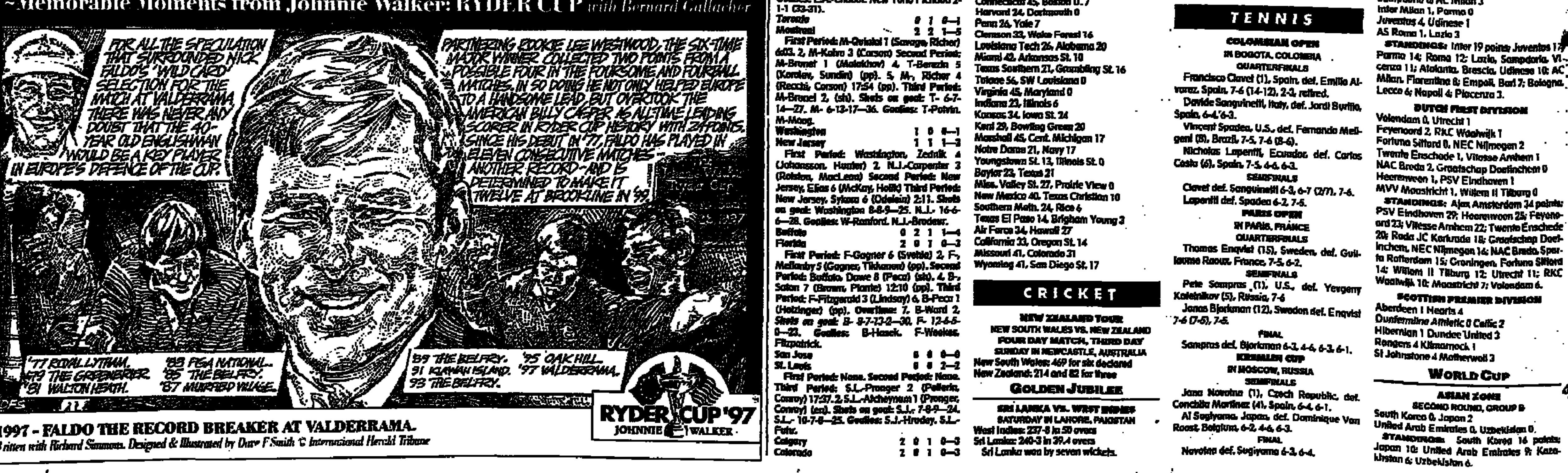
World Cup

ASIAN ZONE
SECOND ROUND, GROUP B

South Korea 0, Japan 2
United Arab Emirates 0, Uzbekistan 0.

STANDINGS: South Korea 16 points; Japan 10; United Arab Emirates 9; Kazakhstan 6; Uzbekistan 6.

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صكناس الاجل

Banner Rises and Bulls Rebound

Chicago Shakes Off Opening Loss to Celtics by Drubbing the 76ers

The Associated Press

The Chicago Bulls recovered from a season-opening loss and celebrated the unveiling of their fifth championship banner by beating the Philadelphia 76ers, 94-74, in Chicago.

Ron Harper had 17 points and eight assists and Michael Jordan scored 16 points in 24 minutes for the defending NBA champions, who used a balanced attack Saturday night to compensate for the absence of the injured Scottie Pippen.

Jason Caffey added 14 points and Dennis Rodman had 13 rebounds as Chicago came back from Friday's loss in Boston to beat Philadelphia for the 16th straight time.

NBA Roundup

Timberwolves 106, Hornets 90 Stephon Marbury had 23 points and 13 assists and Kevin Garnett keyed a decisive third-quarter rally as Minnesota beat Charlotte.

Garnett finished with 18 points and eight rebounds, while Tom Gugliotta added 20 points. Cherokee Parks had 14 points and 13 rebounds.

Hawks 90, Raptors 85 In Atlanta, the Hawks failed to sell out their home opener at Georgia Tech's 9,300-seat arena, but they stayed unbeaten against Toronto. Atlanta is 14-0 against the Raptors, including preseason games.

Alan Henderson, who scored 20 in Atlanta's opener, came off the bench to score 17 points. Dikembo Mutombo added 18 points and 12 rebounds and Steve Smith had 17 points.

Heat 109, Wizards 108 Tim Hardaway drove the length of the court and hit a running 12-foot jumper at the buzzer as Miami, after blowing an 18-point lead, won in Landover, Maryland.

A twisting lay-up by Rod Strickland put Washington ahead with 5.3 seconds to go. Hardaway then took the inbounds pass, dribbled up the left side of the court and let loose with a 12-foot shot that hit nothing but net, leaving the crowd of 18,291 at the Wizards' home opener in stunned silence.

Pacers 96, Warriors 83 In Indianapolis, Larry Bird earned his first victory as an NBA coach. Reggie Miller scored 33 points for Indiana and Rik Smits added 23 points and 12 rebounds.

Latrell Sprewell, who scored 45 points Friday night at Minnesota, led Golden State with 25.

Spurs 83, Cavaliers 80 In San Antonio, David Robinson and Tim Duncan made big plays late in the fourth quarter and Avery Johnson scored five points in the final 1:25 as San Antonio defeated Cleveland.

Jazz 102, Nuggets 84 Karl Malone scored 24 points and passed the former Nugget Alex English on the NBA career scoring list as Utah beat Denver in Salt Lake City. Malone, who did not play the fourth quarter, became the ninth-leading scorer in NBA history. Malone now has 25,636 career points.

Nets 113, Bucks 109 Chris Gatling's fadeaway jumper with eight seconds left in regulation tied the game, and his five points in overtime helped seal New Jersey's victory in Milwaukee.

Mavericks 89, SuperSonics 81 Khalid Reeves scored 12 of his 16 points in the fourth quarter and Dallas erased a 13-point deficit in the final five minutes to win in Seattle.

Grizzlies 97, Kings 96 In Vancouver, Bryant Reeves jammed home a rebound with 2.7 seconds remaining to give Vancouver the victory over Sacramento.

Trail Blazers 82, Clippers 74 Kenny Anderson scored 10 points in the final four minutes to lead Portland to victory in Los Angeles.

Portland trailed, 70-65, with five minutes to go, but a basket by Rasheed Wallace and two driving lay-ups by Anderson put the Trail Blazers ahead, 71-70, with 3:30 left. Anderson then added a pair of jumpers and two free throws to finish the game with 20 points.

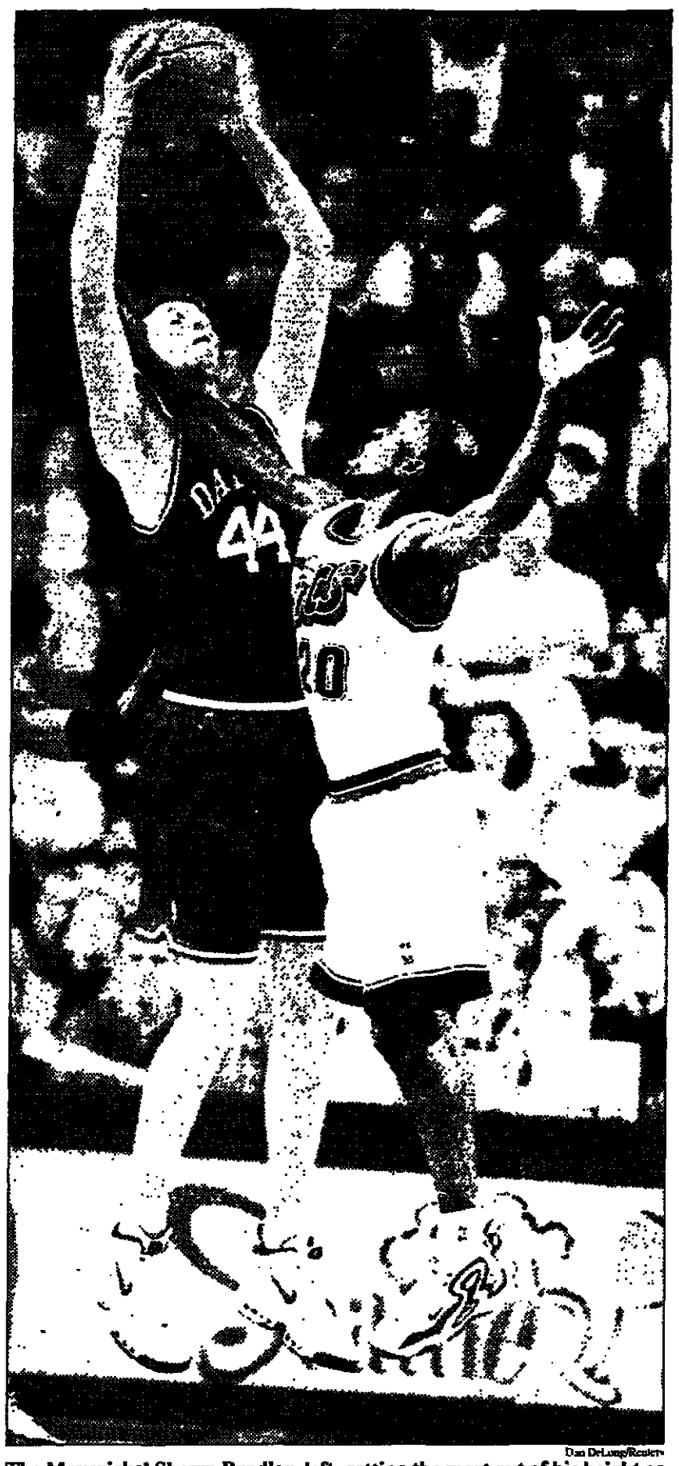
Jordan Plays Down Team's Shaky Start

The Associated Press

BOSTON — In his characteristic confident fashion, Michael Jordan played down his team's loss to Boston on Friday night.

"One game doesn't mean we won't win our sixth championship," he said, "so I advise you not to jump to conclusions."

The Celtics rallied after falling behind by 20 points in the first quarter to beat the Bulls, 92-85. It was Chicago's first season-opening loss with Jordan on the team since 1990. Boston, which broke an 11-game losing streak against the defending NBA champions, was led by Antoine Walker with 31 points. Jordan scored 30 for the Bulls.



Dan DeLong/Reuters

The Mavericks' Shawn Bradley, left, getting the most out of his height as he pulls down a rebound over the SuperSonics' Gary Payton.

NBA Crosses A Rubicon With First Female Ref

The Associated Press

VANCOUVER — Violet Palmer walked onto the court and made National Basketball Association history.

Everyone knew a female referee would be officiating a regular-season game in a North American all-male league for the first time Friday night, but it wasn't known whether it would be Palmer or Dee Kantner. The answer came before the Dallas-Vancouver game, when Palmer emerged from the dressing room.

"It's certainly a historic night," said Rod Thorn, an NBA vice president who was at GM Place in Vancouver to watch a female official work a regular-season game for the first time in NBA history.

When referee No. 66 walked onto the court 15 minutes before tip-off, the music was thumping so loudly on the public address system that she couldn't have heard the crowd's reaction had there been one. When her name was announced, there was no response from the crowd. And before long, fans were booing her just as they would anyone else in stripes.

Shawn Bradley, the Dallas center, said that having women on the court might bring some improvement in players' manners. "That's good," he said. "A lot of us need that." Dallas won the game, 90-88.

"I think guys were kind of scared to say the same things that they would to a male referee," said Vancouver's Shareef Abdur-Rahim. "I've got a mother and sisters, so I don't want to say anything to a woman ref that I wouldn't say to them. They'd probably call and give me a bad time if I said something bad to her."

Bradley said that players always have to adjust their behavior to the personality of each official. "Now we've got those old female emotions in there as well," he said. "There are some things that guys say, guy to guy, that if it was said to a woman, it could be offensive. So a guy's got to watch it. If they say something like that, she doesn't like it and calls a technical. You've got to accept it."

Not everyone liked every call Palmer made or didn't make. The Dallas coach, Jim Cleamons, was especially unhappy with two quick fouls she called against Bradley and Dennis Scott late in the game. "In my opinion," Cleamons said, they were "nonveteran" calls.

It's the Slap Attack, as O'Neal Erupts

Compiled by Our Staff From Dispatches

INGLEWOOD, California — The Los Angeles Lakers' center, Shaquille O'Neal, floored the Utah Jazz's center, Greg Ostertag, with an open-handed slap even before the NBA season started.

O'Neal hit Ostertag between the two teams' practice sessions Friday. The Jazz were taking the court; the Lakers were leaving. "Hey, Ostertag!" O'Neal shouted to his Jazz counterpart.

Ostertag had criticized O'Neal for a lack of class after last season's playoff series between the Lakers and the Jazz. O'Neal had responded recently by calling Ostertag a "scrub."

The two met on the southwest corner of the Lakers' home court: the 7-foot, 1-inch (2.2 meter), 315-pound (143 kilogram) O'Neal; the 7-foot, 2-inch, 279-pound Ostertag.

After an exchange of insults, O'Neal hit Ostertag, knocking the Utah center to the floor and knocking out one of his contact lenses.

O'Neal stepped back and cocked his hands as if preparing for a counterattack. When it was obvious that Ostertag was not going to offer one, O'Neal's bodyguard ushered him away.

"I was shocked," Ostertag said. "It was in the heat of the moment. I didn't expect what happened to come from him, but it's something you can't change now." Del Harris, the Lakers' coach, called it "a minor incident, apparently. There was no damage."

The confrontation occurred just hours before the Lakers beat the Jazz in the season opener for both teams. Ostertag scored two points. O'Neal did not play because he is still recuperating from an abdominal muscle injury.

John Black, the Lakers' public-relations officer, said O'Neal had apologized to the team's executive vice president, Jerry West, Harris and the team's general manager, Mitch Kupchak. Black said O'Neal would speak to Ostertag "when he gets the opportunity." *(LAT, AP)*

Two Underdog Bulldogs Show Teeth

Georgia Chews Up the Gators While Mississippi State Mauls Tigers

The Associated Press

On a great day for Bulldogs, Georgia and Mississippi State turned the Southeastern Conference into a mad scramble.

Robert Edwards tied a school record with four touchdowns as No. 14 Georgia ended seven years of frustration against No. 6 Florida with a 37-17 victory over the SEC champion. Mississippi State shutout No.11 Auburn.

College Football

The SEC upsets left No. 8 Tennessee (6-1 overall and 4-1 in conference play) — which beat South Carolina — in control of the SEC East, with Georgia (7-1, 5-1) right behind. Mississippi State (6-2, 3-2) heads the SEC West.

The series had been so one-sided that the 37 points were the most by the Bulldogs since Herschel Walker led them to a 44-0 victory in 1982.

Mississippi State 20, No.11 Auburn 0 Anthony Derricks scored on a 90-yard interception return — one of four interceptions by the Bulldogs.

No. 8 Tennessee 22, South Carolina 7 In Knoxville, Tennessee, Peyton Manning had his worst outing in three years, completing just 8 of 25 passes for 126 yards, but the Vols got 205 yards and two TDs from freshman Jamal Lewis. The Gamecocks (5-4, 3-4) managed just 168 total yards and the Vols made eight sacks.

No. 1 Nebraska 69, Oklahoma 7 In Lincoln, Nebraska, defensive end Grant Wistrom forced three fumbles, recovered one and had two sacks as the Huskers (8-0, 5-0 Big 12) handed the Sooners their worst loss ever. Last year, Nebraska beat Oklahoma 73-21, which was, until Saturday, Oklahoma's worst loss.

No. 2 Penn State 30, Northwestern 27 The Big Ten will get the matchup of unbeatens it wanted — Michigan (8-0, 5-0) at Penn State, (7-0, 4-0)

In Evanston, Illinois, Curtis Enis ran for 153 yards and a TD and Anthony Cleary had two short TDs for the Nittany Lions, who allowed two late scores before sealing the victory by recovering an onside kick.

Penn State extended the longest winning streak in Division I-A to 13 games. Northwestern fell to 3-7, 1-5.



Dan DeLong/Reuters

USC's Rashard Cook leaping to make an interception.

No. 4 Michigan 24, Minnesota 3 In Ann Arbor, Michigan, Charles Woodson scored on a 33-yard reverse, and Michigan's defense held Minnesota to 102 total yards and no second-half points.

No. 3 Florida State 48, North Carolina State 35 In the Atlantic Coast Conference, another battle of unbeatens was set after No. 3 Florida State beat North Carolina in Tallahassee. Next Saturday, the Seminoles (8-0, 6-0) visit No. 5 North Carolina (8-0, 5-0), which beat Georgia Tech, 16-14, last Thursday night.

Thad Busby threw for five TDs and a career-best 463 yards. Florida State had 517 yards but allowed 448 yards and 28 first downs. Torry Holt caught five TDs for North Carolina State (3-5, 1-5).

No. 7 Washington 27, Southern California 0 In Seattle, the Huskies (7-1, 5-0 Pac-10) shut out the Trojans (4-4, 2-3). Brock Huard passed for two TDs for Washington in the second quarter before leaving with a sprained ankle.

No. 9 Ohio State 37, No. 21 Michigan State In East Lansing, Michigan, Gary Berry returned an interception 45 yards for a score, then picked up a blocked field goal and scored from a yard out to lead the Buckeyes (8-1, 4-1) over the Spartans (5-3, 2-3).

No. 20 Arizona State 44, No. 10 Washington State 31 In Tempe, Arizona, Ryan Kealy threw four touchdown passes as Arizona State spoiled the Cougars' (7-1, 5-1) undefeated season. Arizona State (6-2, 4-1) forced Ryan Leaf to fumble twice in the final three minutes and turned both recoveries into scores.

No. 12 UCLA 27, Stanford 7 Skip Hicks ran for 121 yards and three TDs, tying his school record of 20 touchdowns in a season, as UCLA (7-2, 5-1 Pac-10) forced four turnovers and had six sacks to win at Stanford (4-4, 2-3).

No. 13 Kansas State 13, Texas Tech 2 In Lubbock, Texas, Jonathan Beasley ran 33 yards for a TD with 3:05 left to give the Wildcats (7-1, 4-1 Big 12) the victory. Kansas State crossed midfield only once, but held the Red Raiders (4-4, 3-2) to 117 yards and six first downs.

No. 15 Iowa 35, No. 18 Purdue 17 In Iowa City, the Hawkeyes (6-2, 3-2 Big Ten) ended the Boilermakers' six-game winning streak.

No. 16 LSU 63, Kentucky 28 In Lexington, Kevin Faulk rushed 28 times for 212 yards and a school-record five touchdowns as the Tigers (6-2, 4-2 SEC) rolled up 613 total yards. Tim Couch was 41 of 66 for 410 yards and four TDs for the Wildcats (4-5, 1-5).

Syracuse 40, No. 17 West Virginia 10 In Syracuse, New York, the Orangemen (6-3, 3-1 Big East) won their fifth in a row.

No. 25 Texas A&M 28, No. 19 Oklahoma State 25 At College Station, Texas, the Aggies (6-2, 3-2 Big 12) forced overtime with 15 fourth-quarter points, and D'Andre Hardeman scored on a 6-yard run in the first extra session to beat the Cowboys (6-2, 3-2).

No. 22 Toledo 35, Miami, Ohio 28 In Toledo, Ohio, Chris Wallace threw for 364 yards and four TDs, including an 11-yarder to Brock Kreitzburg with 24 seconds left as the Rockets (8-0; 6-0 MAC) beat Miami (6-3, 4-2).

No. 23 Virginia Tech 37, Alabama-Birmingham 0 In Blacksburg, Virginia, the Hokies (6-2) allowed the Blazers (3-5) just 65 yards.

■ **Harvard Climbs Ivy**

Harvard (6-1, 4-0) shut out the defending Ivy League champion Dartmouth (5-2, 3-1) to take over first place in the league standings. The score was 24-0, the New York Times reported from Hanover, New Hampshire.

Dartmouth, whose 22-game unbeaten streak ended against Lehigh a week earlier, lost to an Ivy foe for the first time in 15 games.

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International Herald Tribune
THE WORLD'S DAILY NEWSPAPER

THIS WEEK ON EUROSPORT

Itís Italy against Russia again as Lazio of Rome take on Rotor Volograd in the UEFA Cup; who will come out on top this time ?

Football:
4-6 November, LIVE, UEFA Cup and Cup Winners' Cup
Lazio will be confident of making progress through to the next round after they drew 0-0 in Russia in the first leg

Tennis:
4-9 November, LIVE, ATP Stockholm and Moscow
As well as two valuable tour titles, this week also sees the final battle to achieve enough rating points to qualify for next weekís World Championships

Supercross:
7-9 November, LIVE, The World Championship, Paris
The giant Bercy Stadium hosts the second to the fourth round of the World Championship season

Showjumping:
8 November, LIVE, The Volvo World Cup, Brussels
The top riders in the world meet in Belgium to contest the latest round of the championship



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Herald International Tribune
SPORTS

R MONDAY, NOVEMBER 3, 1997

TOMORROW: STYLE

WORLD ROUNDUP

The Rain in Spain Helps Montgomerie

GOLF Colin Montgomerie won a record fifth consecutive European Tour money title Sunday and left people wondering if he would be around next year to make it six.

Rain washed out the final round of the Volvo Open in Jerez, Spain, on Sunday. Montgomerie finished on his 9-under-par three-round total of 209, three strokes ahead of the two men who could catch him in the European Order of Merit: Bernhard Langer and Darren Clarke.

Lee Westwood of England won the tournament with a 16-under-par total of 200, three strokes better than Padraig Harrington and Jose Maria Olazabal.

"I don't think that this is a chapter coming to a close," Montgomerie said afterward.

That seemed to contradict indications he gave earlier in the year that he would join the PGA Tour in the United States full time in 1998 if he won the money title. *(AP)*

Double for Kenyans

MARATHON John Kagwe of Kenya ran a near-record time Sunday to win the New York City Marathon.

"I think it's great," said Kagwe, who wore sunglasses despite foggy, overcast and wet conditions and finished in 2 hours, 8 minutes and 12 seconds. Another Kenyan, Joseph Chebet, finished second in 2:09:27, four seconds ahead of Stefano Baldini of Italy.

Kagwe, running alone in the rain for the final two miles (3.2 kilometers) in Central Park, finished 11 seconds off the course record set by Juma Ikangaa of Tanzania in 1983.

Franziska Rochat-Moser of Switzerland won the women's race in 2:28:43. Colleen de Reuck of South Africa was second, 28 seconds behind. Anuta Catuna of Romania, the defending champion, finished fourth, while Kenyan Tegla Loroupe, a two-time champion, placed seventh.

Rochat-Moser, 31, is a lawyer and owns a gourmet restaurant near Lausanne, Switzerland.

• Another Kenyan, Sammy Korir, ran away with the Amsterdam Marathon on Sunday, winning in an impressive 2:08:24.

Kamel Ziani of Morocco was second in 2:10:18, and Andres Espinoza of Mexico, the pre-race favorite, was third.

Elfenesh Alemu of Ethiopia won the women's race in 2:37:36. *(AP, Reuters)*

Pakistan Loses

CRICKET Shaun Pollock took three Pakistan wickets in his first over Sunday, but South Africa still struggled to win the one-day international in Lahore.

South Africa batted first and was all out for 271 runs in the 48th over of the 50-over match.

When Pakistan batted it lost its first four wickets for just nine runs, but fought back to reach 263, losing by just nine runs. *(Reuters)*



AP

Inzamam ul-Haq of Pakistan losing his wicket for 85 runs.



Jasim Jehrili/The Associated Press

Andrey Fyodorov of Uzbekistan, left, battling with Jasim Jasim of the United Arab Emirates in a 0-0 draw.

A 0-0 Draw Produces Two Winners

Mexico Sews Up World Cup Place, United States Ends Losing Streak

Compiled by Our Staff From Dispatches

Seventeen times, the United States had played against Mexico in Mexico City. Seventeen times; the United States had lost.

On Sunday it broke that streak with a 0-0 draw in a World Cup qualifying match against Mexico. It was a good result for both teams.

The top three teams in the regional group will qualify for the finals. The draw ensured that Mexico, which leads the group, will finish in the top three.

The Americans, struggling to qualify for the 1998 World Cup, tightened their grip on third place. They lead El Salvador by two points with two rounds of matches to play.

"Thank God we at least won one point," said Steve Sampson said, the U.S. coach.

"I think anybody would be happy with one point coming to Mexico," said Eric Wynalda, a U.S. forward. "It's a very difficult place to play."

In 17 previous games in Mexico City since 1937, Mexico had outscored the United States, 69-13.

The Americans played the final 58 minutes a man short. Defender Jeff Agoos was ejected for elbowing Pavel Pardo in the neck.

Mexico dominated play but its shooting was so often inaccurate that Brad Friedel, the U.S. goalkeeper, enjoyed a relatively calm afternoon.

Thomas Dooley, the U.S. midfielder, had the best scoring of the game, hitting the post in the 33d minute with Mexico goalkeeper Jorge Campos off his line.

ASIA Japan's chances of reaching the World Cup finals improved while those of its chief rival, the United Arab Emirates, faded after a pair of surprise results.

The UAE was held to a 0-0 draw in Abu Dhabi by Uzbekistan in an Asian Group B qualifying match Sunday, losing ground to Japan, which won in South Korea on Saturday.

The winner of the group qualifies directly for the Cup finals in France this summer, while the second-place team must face a playoff match against the runner-up in the group. The loser of that playoff will have one last chance to qualify for France in a subsequent playoff against Australia.

South Korea has already secured first place in the group, so the UAE and Japan are competing for second-place. Japan is now second, one point ahead of the UAE. Both teams have one group match left: UAE visits South Korea next Saturday, Japan hosts Kazakhstan the next day.

On Saturday, in Seoul, South Korea beat its co-host for the 2002 tournament, 2-0, with first-half goals by Hiroshi Nanami and Brazilian-born Wagner Lopes in front of 70,000 fans in Olympic Stadium.

SPAIN Juan Eduardo Esnaider scored twice as Espanyol beat Salamanca, 3-0, to climb into second place in the Spanish first division.

Nicolas Ouedec put Espanyol ahead in the 18th minute. Esnaider then gave

WORLD SOCCER ROUNDUP

Espanyol a 2-0 advantage in the 60th. Three minutes later, Esnaider made it 3-0 on a penalty shot.

Espanyol is six points behind its neighbor, Barcelona, which won 3-2 at Real Madrid on Saturday. The Brazilians Rivaldo and Giovanni and the ex-Madrid player Luis Enrique scored the goals for Barcelona

ENGLAND Southampton won, 2-0, at Everton to gain its first points away from home this season. Southampton had lost its first five away games.

Matthew Le Tissier, an England international, put the Saints ahead with a header after 24 minutes. It was his first league goal of the season in only his third league match back after an injury.

Kevin Davies wrapped up the points with after a solo run that started inside his own half in the 54th minute. Davies powered past five defenders before shooting past the veteran goalkeeper Neville Southall.

Southampton rose out of the bottom three places for the first time since Aug. 28, climbing to 16th in the 20-team Premier League while pushing Everton down to 17th.

Manchester United, the defending champion, moved four points ahead at the top of the Premier League on Saturday with a 6-1 victory over Sheffield Wednesday, which slipped to last. Second place Arsenal lost for the first time this season, 3-0 at Derby.

In Manchester, Andy Cole, who hit a hat-trick seven days earlier when United beat Barnsley, scored twice. Ole Gunnar Solskjaer and Teddy Sheringham also scored two each.

NETHERLANDS Feyenoord ended a run of four successive defeats with a 2-1 victory over RKC Waalwijk in the Dutch first division Sunday.

Feyenoord, which fired its coach, Arie Haan, on Tuesday and is still without a replacement, needed the victory to lift morale before Wednesday's Champions' League match against Manchester United.

Feyenoord's Argentine duo of Patricio Graff and Julio Cruz put the Rotterdam club ahead, 2-0, before Carlos van Wanrooy claimed a late goal for the visitor.

John Metgod, a former Feyenoord player, has taken temporary charge of coaching at the club, which is fourth place in the standings, 11 points behind the league-leading Ajax, which drew, 1-1, with Roda JC on Thursday.

ITALY George Weah scored twice and Christian Ziege added a third as struggling AC Milan beat Sampdoria, 3-0, on Sunday.

The teams were tied, 0-0, when Sampdoria's sweeper, Sinisa Mihajlovic, was sent off for his second yellow card in the 68th minute.

Within six minutes, Milan was ahead as Weah turned home Demetrio Albertini's cross for his first goal of the season. Weah added a second in the 80th minute before Ziege scored his first goal in Italy since joining Milan from Bayern Munich over the summer.

Emanuele Pesaresi completed a miserable day for Sampdoria when he was sent off in the dying seconds.

Ronaldo kept Inter Milan atop Serie A. He scored the only goal in a 1-0 victory over Parma, which started the day in second place. Juventus, which beat Udinese, 4-1, replaced Parma in second.

Roberto Baggio scored a second-half hat-trick with two goals coming from the penalty spot, and Kennet Andersson struck twice as Bologna gained its first victory of the season with a 5-1 victory over Napoli.

Lazio, playing with 10 men, beat Roma, 3-1, with brilliant second-half goals from the veterans Roberto Mancini, Pierluigi Casiraghi and Pavel Nedved.

GERMANY Bayern Munich, the reigning champion, trailed twice and saw one of its defenders, Samuel Kuffour, sent off before grabbing a 2-2 draw with TSV 1860 Munich in a tense match on Saturday. A powerful free kick by Mario Basler gave the more glamorous of the two Munich teams a second-half equalizer.

Bayern played the last 20 minutes with 10 men after Kuffour was sent off for a vicious tackle on TSV midfielder Harald Cerny. Bayern stayed in second place, four points behind the league-leading Kaiserslautern, which drew, 2-2, at Borussia Dortmund on Friday. *(AP, Reuters)*

Sore-Armed Sampras Prevails in Paris Open

Bjorkman of Sweden Goes Down in 4 Sets

Compiled by Our Staff From Dispatches

PARIS — Even with a sore arm, Pete Sampras was too good for the field at the Paris Open.

He beat Jonas Bjorkman of Sweden in four sets in the final Sunday to close in on his fifth consecutive annual No. 1 ranking and give himself a potential edge for the U.S. Davis Cup final against Sweden.

Sampras gained his seventh title of the year and 51st of his career — the most of any active player — with a 6-3, 4-6, 6-3, 6-1 victory.

If Sampras fails to win another match this year, Pat Rafter could take the ATP No. 1 ranking. Rafter would need to win the Stockholm tournament this week and then win all his matches at the ATP Tour World Championships.

"Five years in a row," mused Sampras. "I'm surprised. It's hard to stay on top for so long in any sport, especially tennis with all the young guys coming up."

Sampras was bothered all week by a sore arm caused by serving with tight racket strings. X-rays taken Friday revealed no damage. "My arm was tired and sore, but I knew that going into the match," he said. "It's something that was uncomfortable and I had to play through it."

Even with a sore arm, however, Sampras was too much for Bjorkman. Whenever the American was struggling or facing a break point, he increased the velocity on his service or sent a ground stroke a little deeper than usual to set up a winner.

Sampras took advantage of four errors by Bjorkman to gain a break in the sixth game of the first set, but he allowed Bjorkman to come back from a 1-3 deficit to take the second set, 6-4.

Sampras double faulted at set point and showed a rare flash of anger by bouncing his racket on the floor. "I rarely ever do that," he said. "I was frustrated. I let him off the hook. It was careless tennis."

Sampras came back to give up just four points in four service games in the third set to take command. In the fourth set, Bjorkman began to fade.

"Even though I won the second set, I was starting to get tired in the legs after that," Bjorkman said.

Sampras will probably meet Bjorkman, Sweden's top player, in the Davis Cup final in Gothenburg later this month. "I'm looking forward to it," Sampras said.

In the race for qualification for the season-ending ATP Tour World Championships that begin in Hannover, Germany, on Nov. 11, four players are already in: Sampras, Bjorkman, Michael Chang and Rafter.

Greg Rusedski has almost certainly qualified; only an extraordinary set of losses in upcoming tournaments in Stockholm, Moscow and Santiago would oust him.

Carlos Moya, Sergi Bruguera, Thomas Muster, Alex Corretja, Gustavo Kuerten, Marcelo Rios, Yevgeni Kafelnikov, Petr Korda and Felix Mantilla all are playing this week. The top scorers will fill out the other spots in the eight-man field. *(AP, Reuters)*

■ Novotna Wins Kremlin Cup

Top seeded Jana Novotna overpowered Ai Sugiyama of Japan, 6-3, 6-4, on Sunday to win the Kremlin Cup, Reuters reported from Moscow. The Czech's strong service and powerful ground strokes proved too much for Sugiyama.



Michael Probst/The Associated Press

Sampras hitting a backhand return to Bjorkman in Paris on Sunday.

Bills Plagued by Errors, But Still Beat the Dolphins

The Associated Press

The Buffalo Bills had six fumbles, one muffed punt, several bad plays and no touchdowns. Yet they still wound up beating the Miami Dolphins on Sunday.

With Steve Christie kicking three field goals, the host Bills won for the second time in three weeks without reaching the

NFL ROUNDUP

end zone, slipping by the Dolphins, 9-6, in a game that Miami quarterback Dan Marino left in the third quarter.

Marino sustained a sprained left ankle in the first half before leaving the game for good with 11:25 left in the third quarter after he was intercepted by defensive end Sean Moran. Marino had completed only 4-of-14 for 67 yards and one interception before being replaced by backup Craig Erickson.

Christie kicked field goals of 41, 40 and 39 yards for the Bills.

The Dolphins moved into Buffalo territory in the final two minutes before Erickson was intercepted by Jeff Burris at the Buffalo 19 with 1:01 remaining.

Buffalo (5-4) fumbled six times and muffed a punt on the slick turf at Rich Stadium, but only turned the ball over once. The Bills' quarterback, Alex Van Pelt, was solid but not spectacular in his first NFL start in place of the injured Todd Collins. He completed 13 of 22 for 89 yards.

Erickson completed eight-of-18 for 121 yards for the Dolphins (5-4), who had no fewer than five dropped passes. Olindo Mare kicked field goals of 27 and 35 yards for Miami.

Redskins 31, Bears 8 Whatever has been ailing the Washington Redskins was cured quickly Sunday against the woeful and frustrated Chicago Bears.

Buoyed by the return of running back Terry Allen, the Redskins ignored a multitude of injuries and routed the Bears, 31-8, in one of Chicago's most embarrassing losses ever at Soldier Field.

The Redskins, who led 24-0 at the half, ended a two-game losing streak and improved their record to 5-4. The Bears (1-8) were more than horrible; they also lost their composure just as they keep losing fans — there were 13,912 no-shows.

Chicago's Curtis Conway was ejected in the first half for making contact with an official when the receiver didn't get a pass interference call. He also threw his helmet, receiving a pair of 15-yard penalties for unsportsmanlike conduct that knocked his team out of field goal range.

Panthers 38, Raiders 14 A visit from the NFL's worst defense translated into a record day for the host Carolina Panthers. Fred Lane had three of Carolina's five rushing touchdowns and ran for a club-record 147 yards against the Raiders' struggling defense.

Kerry Collins threw for 198 yards and rushed for one score, and the Panthers (5-4) finished with a franchise-record 216 rushing yards and won their third consecutive game.

Lane, a rookie free agent from Lane College, got some rare playing time because starting halfback Tshimanga Biakabutuka left five plays into the game with bruised ribs.



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